FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,957 Wednesday June 18 1986 D 8523 B

Aquino draws up radical plan for economy, Page 2

World news

Madrid ambush leaves three dead

Two army officers and their driver were killed in a Madrid machine gun ambush. One of them, a major, was named as Ricardo Saenz de Ynestrillas, a right-winger once tried for plotting to overthrow the Government.

The other army officer was former Lieutenant-colonel Antonio Tejero, a convicted accomplice in the abortive plot. Police said two men and a woman carried out the attack before fleeing in a car.

The attack seemed aimed at raising tension in the campaign to Sunday's general election. Interior Minister Jose Barrionuevo and Defence Minister Narcis Serra both called off scheduled campaign rallies.

Pole arrested

Zbigniew Wroniak, a senior Polish Foreign Ministry official, was arrested in connection with the arrest last month of Solidarity underground leader Zbigniew Bujak, official spokesman Jerzy Urban said.

Murder charges

Sicilian magistrates issued arrest warrants for 27 alleged Mafia gangsters on charges connected with the murder of two senior policemen in July and August last year.

Death sentences

A military court in Adana in south-east Turkey sentenced 19 members of the underground organisation Dev-Yol to death on charges of trying to overthrow the state and killing 48 people.

Election threat

Danish Prime Minister Poul Schlüter and Foreign Minister Uffe Ellemann-Jensen warned there could be an early general election if the opposition moved to ban nuclear weapons from Denmark in wartime.

Deaths in Punjab

Four people died in Sikh extremist violence in the north Indian state of Punjab as preparations went ahead for a controversial land swap with neighbouring Haryana state.

Amnesty visit

A delegation from the London-based human rights group Amnesty International arrived in Guinea Bissau to check the conditions of prisoners arrested after an alleged coup attempt last year, the Portuguese newsagency Noticias de Portugal said.

Fishermen hurt

Two fishermen were wounded when a Portuguese navy vessel fired warning shots to arrest two Spanish trawlers for allegedly fishing illegally in Portuguese waters, a navy spokesman said.

Kharg Island 'raid'

Iraq said its warplanes attacked Iran's Kharg Island oil terminal in the northern Gulf, setting installations ablaze in the second raid in two days.

Uruguayan strike

Uruguayan labour unions staged a third 24-hour general strike against President Julio Sanguinetti's government but failed to bring all activity to a halt, business and labour sources said.

Links restored

Iran's international direct-dial telephone and telex communications returned to normal after nine days of difficulties following an Iraqi air raid on the country's satellite ground station, residents said.

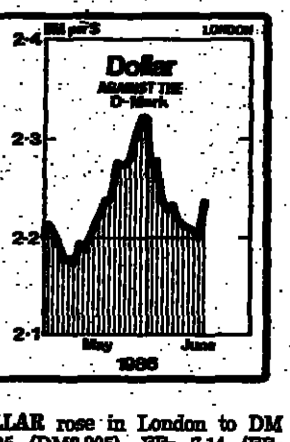
Shalom accused

Israel internal security chief Avraham Shalom was accused of ordering the killing in April 1984 of two Arab bus hijackers who surrendered to security forces.

Business summary

Voest-Oki micro-chip venture abandoned

VOEST-ALPINE, Austria's troubled state-owned steel and engineering group, has abandoned plans to set up a large joint-venture microchip factory in Austria with Oki Electric Industry of Japan. Page 22



DOLLAR rose in London to DM 2.2405 (DM2.205), FFr 7.14 (FFr 7.0175), SFr 1.850 (SFr 1.817) and Y167.75 (Y165.50). On Bank of England figures the dollar's index rose to 115.5 from 114.5. Page 37

STERLING fell in London to $1.5015 ($1.5225). It rose to DM 3.365 (DM 3.350), SFr 2.7775 (SFr 2.7650), FFr 10.72 (FFr 10.685) but fell to Y251.75 (Y252.0). Page 37

GOLD fell $3 to $336.75 on the London bullion market. It also fell in Zurich to $337.0 from $339.25. Page 36

WALL STREET: at 3pm the Dow Jones industrial average was 3.79 lower at 1,867.98. Page 44

TOKYO: Equities fell back on fears of overheating. The Nikkei stock average dropped 109.71 to 17,075.89. Page 44

LONDON: Stocks extended their rise, but gilts fell along with sterling. The FT Ordinary share index added 7.4 to 1,326.0, and the FT-SE 100 gained 11.7 to 1,605.3. Page 44

ISRAEL: Michael Bruno, the new governor of Israel's central bank, has urged the Government to cut taxes and expenditure to ensure the success of the 11-month-old economic recovery plan he helped to draft.

ABU DHABI has merged the offshore drilling activities of three state oil companies to reduce costs as falling oil prices continue to take their toll on the region's oil industry. Page 2

EGYPT has formally issued a licence for General Motors of the US to establish a car assembly plant in partnership with Egyptian investors. Page 8

INDIA secured new financial aid commitments totalling $4.5bn for the current fiscal year 1986-87 from its Western aid consortium. Page 2

DOME Petroleum, financially troubled Canadian energy group, expects to present new refinancing plans to its 56 lenders within the next few weeks. Page 23

ICI Australia made a further move to rationalise its structure by taking full control of its ethylene plant. Page 24

EEC plans to sell 100,000 tonnes of beef to Brazil are likely to reopen a row over disposal of the Community's surplus products. Page 36

MALAYSIAN Overseas Investment, set up four years ago to emulate the success of the large Japanese general trading companies, is being liquidated after incurring debts of 50m ringgit ($19.2m). Page 25

DELHI business families won a 3½ year battle for control of their companies, Escorts and DCM, when Swraj Paul, the London-based Indian industrialist, sold his shareholdings. Page 25

SABENA, Belgian state airline, coupled confirmation of a strong recovery in profits with news of a healthy decline in borrowings. Page 23

OHRBACH'S 12 US clothing stores are to close after 63 years. Page 23

S. Africa unveils R1.2bn package to stimulate growth

BY ANTHONY ROBINSON IN JOHANNESBURG

THE SOUTH AFRICAN Government will pump an extra R1.2bn (about $3bn) into the economy in an effort to restore confidence and to ensure a 3 per cent rate of growth this year.

The measures follow progressive cuts in interest rates over the past year which have failed to revive an economy hit by a political crisis, leading the rand to weaken and investor confidence to fall sharply.

The country's inflation rate is expected to reach 20 per cent this year and unemployment is near record levels. Investment is limited by heavy external debt repayments forced on the Government by the refusal of foreign commercial banks from July last year to roll over loans to corporate and government borrowers.

The package announced yesterday by Mr Barend du Plessis, Finance Minister, includes R750m to be spent on low-cost housing for all race groups over the next two years.

This is in addition to the R1bn which President P. W. Botha announced last year would be spent over the next three years to reduce the estimated 450,000-unit shortage of black housing.

An immediate boost to consumer spending power will come with repayment of the 5 per cent income tax surcharge levied in 1980. This was originally due to be repaid in February and will lead to tax rebates of R206m for individuals and R86m for companies.

Industry will also gain R80m in the current financial year through removal of the import surcharge on certain imported raw materials and intermediate goods, while the hard pressed motor industry will benefit from a reduction of R70m in excise duties levied on motor vehicles. A further R50m has been allocated to help small businessmen in drought-stricken farming areas, and a similar sum will be channelled towards four recently created small-business assistance programmes.

The major business associations gave a qualified welcome to the new measures, but the Associated Chambers of Commerce doubted "whether the steps go far enough to ensure 3 per cent growth this year" and urged "a bold and imaginative cut in general sales tax."

These doubts appeared to be justified by Mr du Plessis' admission that gross domestic product. Growth which has been 3.5 per cent in the last half of 1985, had fallen to 2 per cent over the first quarter, with consumer spending and private fixed investment both down.

Capital expenditure cuts by the state railways, the electricity corporation Escom and other state departments furthermore led to a massive 40 per cent fall in public sector investment.

But with inflation currently at 18.6 per cent and the need to repay over $2.3bn in foreign loans this year, the minister's freedom of action is severely constrained. Another limiting factor is the 31 per cent rise in Government spending over the first two months of this financial year compared with the budgeted annual increase of only 14 per cent.

Details and analysis, Page 3; House of Commons debate, Page 22; Lex, Page 22

Pretoria says 11 blacks died in day of protest

BY OUR JOHANNESBURG CORRESPONDENT

ELEVEN blacks were killed in widely-spread incidents throughout South Africa on Monday when millions stayed away from work on the 10th anniversary of the Soweto uprising, the country's Bureau of Information said yesterday.

Brigadier Leon Mellet, the bureau spokesman, said there were no deaths in Soweto itself. The official death toll since the state of emergency was reintroduced last week is now put at 42, including three women killed by a car bomb in Durban, which the security forces believe was planted by units of the banned African National Congress (ANC).

As black workers streamed back to their jobs yesterday, Brig Mellet told the daily press briefing in Pretoria that four of the deaths were attributable to the security forces, while the remainder, including two deaths in the Kwandebele homeland and two bullet-ridden bodies found in the Daveyton township east of Johannesburg, were the result of inter-blakc feuding.

Despite the continuing death toll, Brig Mellet expressed official satisfaction with the result of the emergency which, he said, was "proving very effective". The country is "returning to normality," he added.

On the foreign exchange market, the rand strengthened again yesterday to close over 2 cents higher at 40.80 US cents, while Dr Gerhard de Kock, governor of the Reserve said the bank had been a substandial net buyer of dollars on Monday as pre-Soweto day nerviousness subsided.

Restrictions on media reporting were further increased yesterday after the Bureau for Information instructed the state-controlled South African Broadcasting Corporation (SABC) not to transmit live satellite transmissions by foreign television networks. The South African distributor of the US magazine Newsweek also decided not to import this week's edition – with a cover story on South Africa – after being advised by the bureau to take legal advice.

The Minister of Home Affairs also rejected an appeal against the expulsion order served last week against a CBS cameraman Mr Wim de Vos, who is the first media person to be faced with expulsion since the emergency was declared.

Asked at the press conference to comment on the cutting of telephone links to many black townships – including Soweto – on Monday, Mr Mellet replied, to disbelieving laughter, that this was due to "technical problems", according to the post office. He also made clear that while information given by the bureau "reflected the factual situation in the country," it did not, and would not, comment on incidents it considered minor.

Flotation of UK state arms company postponed indefinitely

BY LYNTON MCLAIN IN LONDON

THE BRITISH Government yesterday postponed indefinitely the sale of Royal Ordnance, the state arms and munitions company, to the private sector.

The decision not to proceed with the stock market flotation was announced late yesterday by Mr George Younger, the Defence Secretary. Royal Ordnance had been expecting to be given the go-ahead for a share offer in the middle of July.

Mr Younger announced: "Although substantial progress has been made in the process of transofrming Royal Ordnance into a fully fledged commercial entity, it has not been possible to take this far enough and have in place all the features necessary to provide the basis for a successful flotation this summer. Privatisation remains the Government's objective and further consideration will be given to the means of achieving this."

The proposed sale was expected to raise between £150m and £200m ($225m – $300m), only half the total expected 2½ years ago, when the privatisation plans were announced. Even this modest figure was in danger of being reduced further by the potential loss of an order for Challenger main battle tanks for the British Army of the Rhine.

Vickers, the only other manufacturer of main battle tanks in the UK, had expressed its concern that it had not been invited to bid for the Challenger tank order.

Britain's Defence Ministry would not say last night whether the decision was connected with the pressure Vickers had started to put on the Government over the Challenger order, which has yet to be placed.

Royal Ordnance said earlier this week that all outstanding issues facing the comany and the ministry had been agreed in writing between the two parties, apart from the company's wish for the Challenger tank order to fill the order books at its Leeds tank works.

George Graham writes: The Royal Ordnance flotation was to have formed part of a programme of privatisation worth £4.8bn this financial year and as much again in 1987-88. Despite other setbacks such as the delays over freeing British Airways from a string of lawsuits, the postponement is not expected to do serious damage to the Government's chances of meeting this target.

The main components in this year's Government asset sales are the final instalment from last year's British Telecom sale, which brought in £1.2bn in April, and the flotation of British Gas, expected at the end of November. This could raise as much as £8bn, according to stockbrokers' estimates, although payments are likely to be staggered into the next financial year.

At the Treasury, there was little concern yesterday over any possible shortfall in privatisation receipts. Officials say more than enough potential candidates for privatisation have been identified to meet the £14½bn total pencilled in for the next three years. The pool includes such readily sellable assets as the Government's remaining holdings of British Petroleum shares.

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EEC requests Gatt talks on farm subsidies

BY QUENTIN PEEL IN LUXEMBOURG

THE EEC yesterday called for all forms of farm subsidy policies to be included in the new round of negotiations for trade liberalisation in the General Agreement on Tariffs and Trade (Gatt).

Foreign and trade ministers of the 12 member-states gave their blessing to a broad outline of the EEC position on the approach to the new round, which is supposed to be launched in Punta del Este, Uruguay, in mid-September.

They marginally weakened their commitment to include the whole range of trade in services in the planned talks, but otherwise stuck closely to the framework proposed by the European Commission.

Ministers also gave no hint of any link between starting the new round and the peaceful resolution of the current EEC-US farm trade dispute.

The aim of the EEC is to remain in a central mediating position between industrialised nations such as the US and Japan, and the more sceptical developing nations, in the run-up to the talks. The preparatory committee meets again in Geneva in mid-July.

At the same time, the Community is seeking to defend what it can of the highly-protectionist Common Agricultural Policy, while recognising the inevitability of including all aspects of international farm trade in the talks.

Mr Willy de Clercq, the European Commissioner responsible for trade questions, insisted that the negotiations must cover all forms of farm subsidy policies, and not just direct export subsidies as practised by the EEC.

He said: "We are ready to discuss, but not only on export restitutions (the EEC subsidy system). There are many even more sophisticated means by which agriculture all over the world is subsidised."

The Commission's position will still be dictated by "the need not to undermine the fundamental objectives and mechanisms" of existing farm policies, provided they comply with the obligations imposed by the Gatt – a statement which appears to mean all things to all men.

The Community also insists on all agricultural questions being discussed together in one forum.

On EEC-US relations, which could deteriorate sharply in July if the US goes ahead with unilateral tariff increases in retaliation for the loss of its Spanish cereals market, Mr Hans van den Broek, the Dutch

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EEC/Turkey talks, Page 5
Gatt warning, Page 8

Burger retires as US chief justice

BY STEWART FLEMING IN WASHINGTON

MR WARREN BURGER, US chief justice for 17 years, resigned abruptly and unexpectedly from the Supreme Court yesterday.

President Ronald Reagan announced promptly that he would nominate associate justice William Rehnquist, at 61 one of the youngest as well as the most consistently conservative members of the court, to replace Mr Burger as chief justice. Both men were originally appointed to the highest US court by President Richard Nixon.

Judge Antonin Scalia, senior judge on the US court of appeals in Washington, was nominated to fill the vacancy on the nine-member court. Both nominations must be approved by the US Senate.

Mr Burger, 78, said yesterday that he wanted to devote his full time to his job as head of the committee organising the celebrations of the bicentenary of the US Constitution next year.

The changes are not expected immediately to affect the political balance of an institution which some say has become increasingly divided in recent years.

Judge Scalia yesterday carefully ducked reporters' questions about his views on controversial social issues such as the Supreme Court's ruling that the women have a constitutional right to abortions. His appeals court panel ruled earlier this year that key elements of the Gramm-Rudman-Hollings budget reform bill were unconstitutional.

Italians' cigarette freedom going up in smoke

By James Buxton in Rome

ITALY plans to ban smoking in most public places, ending its status as one of the last major Western European countries where such behaviour is condoned.

Mr Bettino Craxi, the Prime Minister, is known to smoke the occasional menthol cigarette himself, but he presided yesterday as the Cabinet approved legislation that would also require cigarette packets to carry a health warning and make it more difficult for tobacco companies to evade the present laws against cigarette advertising.

The new bill, the work of Mr Costante Degan, the Minister of Health, who himself only recently gave up smoking, is a watered-down version of draft legislation – which he presented last month – which would even have forbidden people from smoking in their own offices, if they were frequented by other people. It ran into opposition from the substantial minority of the Cabinet who smoke.

For the Italian Government to present legislation to reduce smoking is ironic, since the state "monopoly" of cigarette production has about two-thirds of the Italian market. The multinationals control the remaining slice of the market and charge a substantially higher price. The Government would also lose part of the L6,000bn ($3.97bn) a year it gains in tax revenue on cigarettes.

If Mr Degan's bill is approved intact by parliament – which, given the power of pressure groups, is far from certain – it will become illegal to smoke in public offices, hospitals, schools and on public transport, including internal flights.

Smoking will also be banned at cinemas, museums, theatres and in offices and factories which are not equipped with air conditioning or ventilation. Restaurants and bars will be obliged to provide areas for non-smokers.

Under the proposed legislation, tobacconists will be forbidden on pain of heavy fines to sell cigarettes to people under 16 years of age. All cigarette packets will have to carry a label stating: "The Ministry of Health informs you that smoking is harmful."

Tobacco companies will be forbidden from displaying the names of their products in any way..

Since the Cabinet row last month over the original version of Mr Degan's bill, figures have emerged which suggest that Italians are already much less dedicated smokers than their public image in Europe implies.

CONTENTS

N. Korea proposes fresh summit to reduce tensions

BY STEVEN B. BUTLER IN SEOUL

NORTH KOREA has made a new proposal for a summit meeting of military leaders from North and South Korea, also to include the US military commander in the South, aimed at reducing tensions on the Korean penninsula.

The North Korean Defence Minister, Mr Oh Chin-U, took the unusual step yesterday of sending letters directly to the South Korean Minister of Defence, Mr Lee Ki-Baek, and the US commander, Gen William Livesey.

The letter is the first North Korean initiative since the break-off of dialogue with the South in January.

The attempt to engage directly in talks with South Korean military authorities is a first for the North.

South Korea never signed the armistice agreement that halted fighting in the Korean war.

Although South Korean military officers participate in the Military Affairs Commission set up to police the armistice, they do so as part of the United Nations Command structure which is headed by a US general, and not as representatives of the South Korean Government.

North Korea now says that the Military Affairs Commission (MAC) has failed in its mission, and that a solution needs to be found outside that framework

North Korea proposed a range of tension reducing measures through the MAC system last August, although subsequent negotiations have bogged down.

The North's proposal is likely to be examined with great scepticism in the South. The armistice has failed to stem an alarming military build up on the Korean penninsula, yet it is widely credited with preventing another outbreak of fighting since it was signed in July 1953. Officially, the Korean War never ended.

In recent years, South Korea has rejected a series of North Korean proposals for three-way political talks involving the US and South Korea.

It may, however, be more receptive to talks on military affairs, where the US plays an undeniably crucial role. The US has about 40,000 troops stationed in Korea and is committed by treaty to Korea's defence.

This latest North Korean initiative comes at a time when North-South negotiations on trade, family reunions and other issues are in suspension. North Korea broke off dialogue in January to protest at annual US-South Korean joint military manoeuvres which were held in March and April.

Japanese shipbuilding move

THE COUNCIL for the Rationalisation of Shipping and Shipbuilding Industries (CRSS), an advisory body to the Japanese Transport Minister, has recommended a 20 per cent cut in the surplus building capacity of Japan's recession-hit shipbuilding industry. Yoko Shibata writes from Tokyo.

The panel also decided to propose that the industry eliminate undue competition and favoured the promotion of conversion to other business lines as part of medium- and long-term aid measures.

As a short-term measure, the panel is calling for the curtailment of operations through the formation of a recession cartel and recommends steps to stimulate demand for shipbuilding.

The panel is seeking the creation of an organisation that will purchase redundant facilities, take over debt guarantees and provide preferential tax treatment.

Row erupts in Israel over killing of hijackers

RENEWED controversy erupted in Israel yesterday over the killing of two Arab guerrillas captured in a 1984 bus hijacking, Reuter reports.

State television and all Israel newspapers published identical reports quoting a judicial source as alleging the head of the internal security service Shin Bet personally ordered the hijackers beaten to death after they had been interrogated.

A Right-wing parliamentarian, Mr Ehud Olmert, accused the former Attorney-General, Mr Yitzhak Zamir, dismissed after ordering a police inquiry into the killings, of being the source of the allegations and claimed he had violated state security.

Mr Zamir acknowledged that he had discussed the case with journalists at a party on Monday night but said some of his comments, attributed to a judicial source, were reported inaccurately.

He did not deny saying that the Shin Bet chief had ordered the Arabs killed or describing their deaths as a lynching. The Shin Bet chief has not commented publicly on the case.

Mr Zamir's successor, Attorney-General Yosef Harish, is due to decide this week whether to pursue the inquiry but has made clear that any investigation must be held in secrecy to protect Shin Bet.

Mr Harish was quoted by state radio as saying that the latest reports had damaged Israel's security and its image abroad.

Mr Yitzhak Shamir, Foreign Minister, who was Prime Minister at the time of the bus hijacking and has strenuously opposed any further investigation, told army radio today: "A commission of inquiry will open a Pandora's box."

The two guerrillas were part of a four-man squad that commandeered a civilian bus from Tel Aviv to Israeli-occupied Gaza in April 1984.

The military first said all four were killed when commandos stormed the bus, but news photographs showed two hijackers being led away dazed but apparently unscathed after the raid.

Two official inquiries found they were later beaten to death

In a statement, Mr Zamir said the public had the right to know the facts about the case.

He denied he had disclosed any state secrets or details of Cabinet deliberations.

Samuel Senoren describes the bold methods suggested to regenerate the Philippines

Aquino draws up radical economic plan

THE GOVERNMENT of President Corazon Aquino has drawn up a short-term economic recovery programme for the Philippines which departs radically from one worked out with the International Monetary Fund by the previous administration under ousted President Ferdinand Marcos.

The Programme, which is expected to be the basis of a new IMF standby agreement, has been influenced by the more radical economic planners in Mr Aquino's cabinet. These are led by Mrs Solita Monsod, the Minister of Economic Planning and a former professor at the state-run University of the Philippines. She argues, among other things, for selective repudiation of the country's $26bn of foreign debt.

The programme aims at a quick economic recovery and sustainable long-term growth but alleviation of poverty is the final goal, true to Mrs Aquino's campaign platform during the Presidential elections last February.

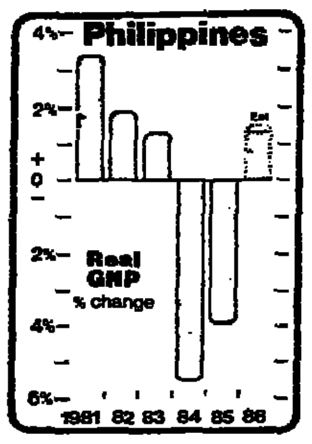
Mrs Aquino's strategy calls for increased production in agriculture, removal of restrictions in trade, a reduction in servicing costs on foreign debt and an expansion in money supply.

Agriculture, which accounts for two-thirds of total employment and about half of Gross Domestic Product, is the centrepiece of the new strategy. The hope is that a rise in production and rural incomes will lead to more jobs and increased consumer demand.

Mrs Aquino has freed prices of agricultural products, which for more than a decade had been managed by the previous government to win political favour from urban populations. Mrs Aquino's decision to break up government-sanctioned monopolies in the coconut and sugar industries, which had been blamed for keeping prices down while costs of inputs such as fertilisers were rising, was strongly appreciated by farmers.

A study conducted by economists at the University of the Philippines concluded that given the present realities in the country, "it is difficult to imagine a more appropriate choice of development strategy than one that involves agriculture and the rural sector in a pivotal way."

The free market orientation of Mrs Aquino's Government extends to trade policy, over which her Cabinet is split. Local business and industry are unhappy with the policy because manufacturers, which operate mostly at 40 per cent capacity, fear that a massive flow of imports under a liberal trade regime would drive them out of business. This view is accepted by Mr Jose Concepcion, the Trade Minister, who owned a large food processing company before joining the Government.



The largest association of businessmen, the Philippine Chamber of Commerce and Industry, has asked Mrs Aquino to defer the trade liberalisation plan until local industries become ready to compete with foreign companies. This could take at least two years.

Mrs Monsod's group argued that it was about time trade was freely promoted, to remove distortions in the economy and encourage industries to become more efficient.

One major issue which has evoked much controversy both inside and outside the Government is how to deal with the country's external debt.

Mrs Aquino's Government has asked official and commercial creditors for softer repayment terms contending that existing debt service costs, which eats up 50 per cent of annual foreign exchange earnings, would make economic growth impossible to achieve in the short term.

There is unanimity in the Cabinet that the Philippines cannot continue reducing its loans at the rate required by the IMF and foreign creditor banks. However, the Cabinet is divided over how to tackle the problem. Mrs Monsod and her group favour "selective repudiation" of some debts which may have been misused by Mr Marcos or his associates. They cite as an example loans of more than $1bn for a controversial nuclear power plant which the Aquino Government has decided not to operate.

But Mrs Aquino has announced her Government's intention to honour all debts incurred by Mr Marcos's regime.

Her Government now wants from creditors a reasonable reduction in interest rates and a longer repayment period.

Foreign bankers in Manila who seem to be sympathetic to Mrs Aquino's appeal are considering a number of options including converting part of their loans into equity in public sector enterprises due for privatisation and capitalising interest so as immediately to reduce debt service.

Savings would be channelled into domestic development which the government hopes would promote recovery. A key factor in the programme is a loose monetary policy, in sharp contrast to that imposed by the IMF and the World Bank during the administration of Mr Marcos.

Mrs Aquino has allowed money supply to expand by ordering her Government not to compete for funds with the private sector in spite of a deficit of more than $1bn in the national budget of about $5.3bn. The effect has been dramatic, with interest rates falling to about 15 per cent from 30 per cent earlier in the year and more than 50 per cent last year.

Inflation, which is running at just over 2 per cent is the least of Mrs Aquino's problems, chiefly because demand in the economy is still low while the price of oil has significantly decreased. Some perceptible signs of a turnaround are showing with an 0.8 per cent increase in Gross National Product in the first quarter.

By the end of the year, Mrs Aquino's government hopes the growth rate will have risen to between 1.3 to 1.5 per cent. After negative rates during the past two years, that would represent a major victory for her fledgling administration.

Abu Dhabi in bid to cut oil industry costs

ABU DHABI has merged the offshore drilling activities of three state oil companies to reduce costs as falling oil prices continue to take their toll of the region's oil industry, Reuter reports.

Mr Sohail al-Mazroui, Deputy General Manager of the Abu Dhabi National Oil Company (ADNOC), said drilling operations of three companies in which ADNOC is the major shareholder have been combined.

The move is the latest in a series of cost-cutting measures by ADNOC, which have included the shut-down of an oil field and gas plant, and reduced employee salaries and benefits.

The companies involved are Abu Dhabi Marine Operating Company, Zakum Development Company, and Umm al-Dalkh Development Company.

India wins $4.5bn aid pledges from West

BY PAUL BETTS IN PARIS

INDIA yesterday secured from its Western aid consortium new financial aid commitments totalling $4.5bn (£3bn) for the current fiscal year 1986-87.

This is 16 per cent higher in dollar terms than the aid commitments granted by the consortium to India last year.

Mr S. Venkitaramanan, the Indian Finance Secretary, said the increase in aid commitments from $3.9bn last year to $4.5bn for the current year was "a vote of confidence" from Western countries in India's economic policies.

Mr Venkitaramanan also said at the end of the two-day meeting of the India aid group at the World Bank in Paris that Western countries had also pledged support for India's poverty-related programmes and the country's continuing need for concessional financial aid below usual commercial rates.

The India aid consortium said in a communiqué yesterday that "the meeting was unanimous in endorsing India's strong and continuing case for external assistance at higher concessional levels during the inevitably costly transition to a more efficient economy."

Both West Germany and Japan pledged higher support to India this year with West German pledges increasing to $286m this year from $241m the year before and Japanese pledges rising to $285m from $179m.

US support will decline to $152m from $178m while UK aid pledges will also marginally drop to $180m this year from $186m the previous year.

The World Bank group will provide $2.4bn of the total $4.5bn pledges of which $600m will come from the International Development Association (IDA), the soft-loan arm of the World Bank, and the rest from the International Bank for Reconstruction and Development (IBRD).

Mr Venkitaramanan said he hoped the results of the Paris meeting would "encourage Western donors to support India's case for concessional aid in the next IDA agreement after the current agreement—or IDA-7—runs out.

He emphasised that with one-third of the world's poor, India needed concessional assistance.

In its review of the Indian economy, the Paris meeting noted that India's Gross Domestic Product (GDP) expanded by nearly 5 per cent in fiscal 1985-86 and that the target under the new Seventh Five-Year Plan is for annual GDP growth of 5 per cent.

India's trade deficit totalled about $6bn in the past fiscal year while the current account deficit totalled between $2.5bn-$3bn, according to Indian officials attending the Paris meeting.

Militant killed

Sikh terrorists have killed a Hindu militant and three other people, including a teenage girl, in the Punjab, state police said yesterday, AP reports. The authorities also blamed Sikh militants for the sabotage of the Sirhind irrigation canal on Monday.

The slain militant was identified as Krishan Lal Tangri, a relative of the jailed chief of the radical Shiv Sena, or God's Army, which advocates arming Hindus to combat Sikh attacks.

ANC leader claims resounding success for S. Africa strikes

THE EXILED leader of South Africa's banned African National Congress (ANC) said yesterday that Monday's strikes on the tenth anniversary of the Soweto riots were a resounding success Reuter reports.

Mr Oliver Tambo, addressing a United Nations conference on sanctions against South Africa, said Monday's was "perhaps the greatest national strike in the history of South Africa."

He had unconfirmed reports of "massive slaughter" by South African security forces against those taking part in rallies and protests. South African government officials said yesterday that 11 had died as a result of violence in separate incidents across the country on Monday.

Mr Oliver Tambo

Mr Tambo, calling for economic sanctions against South Africa, declared: "Unless the world takes decisive action now, a bloodbath is inevitable."

He attacked the US, Britain and West Germany as "co-conspirators and participants in the commission of a crime of immense dimensions."

All three countries, which are South Africa's main trading and investment partners, are boycotting this week's conference.

"It is they above all who have sheltered the apartheid régime from decisive international action." Mr Tambo said.

He described the western powers' refusal to impose sanctions as "one of the great tragedies of our epoch."

The ANC would have dearly loved to liberate South Africa by peaceful means and negotiation. "We tried again and again to achieve this result, but to no avail."

"The Botha régime is not prepared to resolve the problem of South Africa by negotiation. This must surely lay to rest the illusion that negotiations are an option available to us.

"Death which has become our daily bread in South Africa has become so much a part of our life that it can no longer serve as a deterrent discouraging struggle.

"We must steel ourselves for war, with all the consequences that implies."

The conference, which opened on Monday, heard repeated calls from Third World nations for the governments in Washington, Bonn and London to reverse their opposition to economic sanctions.

Zimbabwe's Foreign Minister Mr Witness Mangwende, said: "The time is now well past the 11th hour. Comprehensive mandatory sanctions are no guarantee for a less violent change in South Africa. They are, however, an historical statement that humankind did not sit idly by."

French, Irish to seek curbs

FRENCH and Irish officials said yesterday that their countries would press for sanctions against South Africa at an EEC summit meeting this month, while Mr Abou Diouf, president of the Organisation of African Unity, said failure by foreign ministers to agree on sanctions was "deplorable." AP reports.

Mr Claudse Malhuret, French Secretary of State for Human Rights, said France would press for further sanctions at the June 26-27 meeting of European heads of state in The Hague.

"For France, dialogue appears the best solution. Unfortunately, this solution does not appear the most probable," Mr Malhuret said following a meeting with Mr Oliver Tambo, a leader of the African National Congress which is opposed to Pretoria's white-led government.

Tutu urges Thatcher to reconsider on sanctions

By Our Foreign Staff

BISHOP Desmond Tutu, the Anglican bishop of Johannesburg, yesterday urged Mrs Margaret Thatcher, the British Prime Minister, to reconsider her opposition to sanctions, acknowledging that in doing so he was breaking South Africa's emergency laws.

Speaking in an interview on BBC Breakfast Television, he said: "We have been trying to persuade people like Mrs Thatcher that this is the last possible chance we have of bringing about a peaceful resolution."

"We do not want to destroy the economy but if the present trend continues, what Mrs Thatcher is trying to prevent will happen. It shows white people cannot be trusted."

Under the emergency regulations, it is a serious offence to call for sanctions or to advocate disinvestment from South Africa. The regulations also bar correspondents from reporting such calls.

The bishop is due to be enthroned as Archbishop of Cape Town on September 7. "I am so annoyed at Mrs Thatcher's stand that I am going to consider very seriously not inviting the British ambassador to my enthronement," he said.

Pravda accuses Washington of aiding Pretoria

THE Soviet Communist Party daily Pravda accused Washington yesterday of encouraging the South African Government and said limited US sanctions imposed last year had left no mark on the administration of President P. W. Botha, Reuter reports.

"It is well known that in the last nine months, (the US) strategy has not inflicted even the smallest pin prick on its 'historical friend and ally,'" Pravda said.

"The US Administration has put up a smoke-screen in order to conceal its 'constructive engagement' with racist Pretoria.

"Washington is brandishing a fake weapon, waving it in a vacuum. But the crux of its course remains the same—support for one of the most reactionary [illegible]

Jim Jones examines the problems besetting an ailing economy

Du Plessis acts to boost growth

SOUTH AFRICA's Finance Minister, Mr Barend du Plessis, has not been short of advice on what is best for South Africa's ailing economy ahead of yesterday's reflation package.

Unfortunately for Mr Du Plessis, most prescriptions were designed to favour specific sectoral interests. Few of them realistically addressed the question of how the country might be lifted out of deepening recession which has exacerbated the political crisis.

Just over two years ago, the authorities introduced austerity measures designed to squeeze double-digit inflation out of the system.

Apart from a brief loosening of the screws which coincided with three politically sensitive by-elections in November 1984, tight monetary policies based on high interest rates were maintained until May last year.

By then, however, the economy was in no shape to withstand the shocks which began with last July's decision by American banks to call in their loans to South Africa and the deterioration in business confidence which followed the declaration of a state of emergency.

Until mid-1985, the authorities had based their economic recovery plans on the assumption of export-led growth bolstered by tightly reined domestic demand.

That finally foundered on the debt rescheduling agreement reached with foreign creditor banks in March this year, and which was designed to resolve the moratorium which South Africa had placed on repayment of the country's \$24bn (£16bn) foreign debt last September.

Last year the trade surplus almost quadrupled to R8.5bn

Mr Barend Du Plessis

which led to a surplus of R7.1bn on the current account of the balance of payments against a deficit of R1.4bn in 1984.

But the trade surplus was due entirely to the rand's collapse in the wake of advancing inflation, political fears and a R10bn capital outflow as foreign investors voted with their feet. Stringent exchange controls introduced in September have so far had no lasting effect on the currency.

It is now plain from this year's debt rescheduling agreement that future current account surpluses are likely to be fully absorbed in scheduled repayments of foreign borrowings.

In other words, any plans for export-led recovery have become unrealistic, and emphasis has had to shift to promotion of domestic economic growth.

In South Africa's case, this deceptively simple solution has, so far, been unattainable. Interest rate reductions orchestrated by the South African Reserve Bank (SARB), which led the Bellweather prime overdraft lending rate down from a record 25 per cent in May 1985 to 14.5 per cent in May this year, proved inadequate on their own.

Last year the economy shrank by almost 1 per cent in real terms. Although Mr Du Plessis estimates that the latest stimulatory package will lift this year's real Gross Domestic Product growth rate by 3 per cent, many economists fear that the economy is unlikely to grow by much more than 2 per cent.

Consumers and manufacturers, whose confidence is at a low ebb, have so far largely responded to falling interest rates by reducing their own borrowings rather than by spending or increasing output.

This has happened even though real interest rates — the difference between nominal rates and the inflation rate— have been strongly negative for several months.

Whether yesterday's stimulatory package will restore consumer and business conference is not altogether certain.

Immediate payment of the 1980 loan levy — a 5 per cent compulsory income tax surcharge — will put R206m into consumers' pockets. That is equivalent to just over one day's private consumption expenditure and could well be used by consumers to reduce their debt burdens further rather than be spent on consumer goods.

Inflation, rising unemployment and political uncertainty have left many South Africans more interested in security than in spending.

Stringent foreign exchange controls have not dissuaded foreign-owned companies from disinvesting, nor have they been sufficient to prevent net emigration and worrying losses of skilled technical and professional manpower.

According to Mr Du Plessis' own estimates, a GDP growth rate of 3.5 per cent is needed to prevent unemployment from increasing. Officially, black unemployment stands at almost 9 per cent, but the official figures are not always reliable.

According to independent estimates, the true figure is nearer to 25 per cent while in some areas, notably the industrial cities of the Eastern Cape, unemployment rates of between 50 per cent and 60 per cent are the norm.

This has become one of the principal destablising factors of the past year as previously well-paid industrial workers trying to make ends meet on largely inadequate unemployment benefits have become alienated from the system.

Some of Mr Du Plessis' proposals are designed to create jobs, but increased government spending risks pushing inflation well over 20 per cent from the 18.6 per cent year-on-year increase in the consumer price index registered in April this year.

In April, the producer price index, which generally indicates trends in consumer prices, increased at a year-on-year rate of 20.1 per cent.

In April and May, the first two months of this fiscal year, state spending was 29.6 per cent higher than in the corresponding period of 1985.

Curbing inflation is politically less important than introducing measures aimed at cutting unemployment for the present, even though many economists believe the country risks sliding into hyper-inflation of Latin American proportions.

Black union delays resuming mines talks

By Our Johannesburg Correspondent

THIS YEAR's wage negotiations between the all-black National Union of Mineworkers (NUM) and South Africa's Chamber of Mines were thrown into uncertainty yesterday when the union called off a planned resumption of talks at the last minute.

The cancellation was not altogether unexpected by the chamber negotiators who said that the leaders of the 230,000-strong NUM were lying low after last week's imposition of a state of emergency.

According to the NUM, negotiations could not be resumed as the union representatives had been unable to discuss with union members the chamber's initial offer of wage increases ranging from 12 per cent to 17 per cent.

The NUM said the intervention of the state of emergency had helped prevent the union from organising meetings of members at the various gold mines and collieries at which the union's negotiators would have been given a mandate to resume talks with the chamber.

The NUM claimed that discussion of the chamber's offer, which is substantially lower than the 45 per cent across-the-board increase demanded by the union, had also been impeded by the union leadership's decision to "lie low" for the present.

However, the union did confirm that none of its head-office executives had been detained under the emergency regulations.

US warns Africa against intervention

THE US warned African nations yesterday against forming a multilateral military force to deal with the white government in South Africa, Reuter reports from Canberra.

The US Ambassador to the United Nations, Mr Vernon Walters, paying an official visit to Australia, said Washington opposed a plan of Zimbabwe's Prime Minister, Mr Robert Mugabe to form a pan-African force to fight Pretoria.

Mr Mugabe said this week he would put his proposal to a [illegible] African Unity (OAU) in Addis Ababa next month.

His statement was the first concrete suggestion of military intervention by the rest of Africa since Pretoria declared a state of emergency.

Mr Walters, a former military man, questioned the viability of a combined black African force and said the US was totally opposed to a violent solution in South Africa.

"I do not believe the US would support any attempt to solve the situation in South Africa violently. We believe the situation should be solved by negotiation."

"As to Mr Mugabe's suggestion, as an old soldier (I suggest that) it takes a long time to create an army."

He reiterated the US view that economic sanctions on South Africa would badly affect young black South Africans striving to gain technical know-how from foreign companies.

Mr Walters, who is to hold talks with Australia's acting Foreign Minister Mr Gareth Evans, said he would not seek to influence Australia's policy on South Africa which favours strong economic sanctions against Pretoria.

Emilia Tagaza in Canberra adds: The Australian Government yesterday expelled a South African diplomat who struck a woman anti-apartheid demonstrator outside the South African embassy last week.

The Acting Foreign Minister, Mr Gareth Evans, said the official was given 10 days to leave Australia. The South African Ambassador said his government will comply with the order.

Obasanjo urges support for guerrillas

GEN OLUSEGUN OBASANJO, the former Nigerian military ruler, has warned African countries against a war with South Africa, AP reports.

Gen Obasanjo, a member of the Commonwealth's Eminent Persons Group, said creation of a pan-African army to fight South Africa was impractical.

Nigerian newspapers yesterday quoted Gen Obasanjo as saying it was more practical to increase support for guerrillas opposing white-minority rule.

EUROPEAN NEWS

Army officers shot dead in Madrid

BY DAVID WHITE IN MADRID

A WELL-KNOWN extreme right-wing army officer was one of three victims of a terrorist shooting in western Madrid yesterday.

The assassination was initially thought to be the work of ETA, the Basque separatist group, in keeping with earlier instances when it has staged attacks during election campaigns.

Maj Ricardo Saenz de Ynestrillas was killed along with a lieutenant-colonel and an army driver when attackers gunned down their car outside the major's army residence, near the stadium of the Atletico de Madrid football club.

The major was sentenced by a military court in 1980 to six months' imprisonment as a result of a 1978 conspiracy to seize the Spanish Cabinet. He was involved in this along with Lt-Col Antonio Tejero, the Civil Guard officer who later gained world-wide fame when he held the Spanish parliament hostage during the coup attempt of February, 1981.

In June, 1981, Maj Saenz de Ynestrillas was again detained for allegedly conspiring to destabilise the Government.

ETA has recently stepped up its actions in Madrid, with three previous spectacular attacks this year, killing a vice-admiral and his driver, five civil guards and narrowly failing to kill the head of the Spanish judiciary.

Meanwhile, a faction of ETA which had virtually disappeared from public view re-emerged yesterday with a declaration that it was taking up arms again.

The communique sent by the so-called *Octavos* faction of Eta Politico-Militar to news media in the Basque country was timed for maximum effect ahead of Sunday's general election.

The group called for voters to support Herri Batasuna (Popular Unity), the coalition of extremist Basque parties which is closely identified with the hardline terrorist organisation Eta-Militar.

The *Octavos* are named after the VIIIth assembly in which this faction broke with more moderate elements in Eta Politico-Militar. More than 100 of the moderates agreed to lay down arms and return to normal lives in Spain under a pact negotiated in 1982.

The last big action attributed to the *Octavos*, who have suffered from a crackdown on the French side of the border, was the kidnap and murder of a Spanish army captain in October, 1983.

It was Eta Politico-Militar that started the first bombing campaign against tourist targets in Spain in 1979-80, a tactic taken up since last year by Eta-Militar.

A bomb defused yesterday morning in a Hotel in Marbella was the ninth so far this year in Spanish Mediterranean resorts. Six have exploded, but so far nobody has been hurt.

Mr Timothy Eggar, parliamentary undersecretary of state at the British Foreign Office, is currently on a visit to Spain to seek reassurances about protection for British holiday-makers.

PORT activity in Bilbao appeared set to return to normal yesterday after being paralysed for eight weeks.

The Basque port has been the worst hit by a conflict over government plans for changing the way port authorities and dock labour are organised. The local chamber of commerce claims that Pta 50bn (£233m) has been lost in the dispute.

The Bilbao stoppage was prolonged as a result of different interpretations of a recent agreement on working arrangements in Spanish ports.

Other ports, especially those of the Mediterranean and the Canary Islands, have been hit by two 10-day strikes in the last month, called by the powerful Independent Dockers' Union. The union was protesting against a reform setting up new mixed private-state companies in the ports and scrapping the government body which has up to now been responsible for supplying dock labour.

Employers estimate the cost of the strikes at several hundred million dollars. However, some of the lost business is now expected to be recovered.

The dock conflict is held to blame for a 20 per cent drop in Spanish exports in peseta terms last month, compared with the same month last year, and a 16 per cent drop in imports.

Work starts on Turkish dam on the Euphrates

BY DAVID BARCHARD IN ANKARA

THE Turkish Prime Minister, Mr Turgut Ozal, yesterday opened the diversion tunnels for the giant Ataturk Dam and hydroelectric powerplant in south eastern Turkey, the biggest ever investment project in Turkey with a total cost estimated at $4.1bn.

The dam, on the Euphrates River, will irrigate 1.6m hectares of the Mesopotamian plain north of the Syrian border and is expected to make it into the richest agricultural area in the Middle East, trebling Turkey's rice production and doubling cotton output.

A Swiss-backed consortium has put up most of the money for the project. Turkey has not been able to obtain help from the World Bank or other international agencies because of Syrian and Iraqi objections to the project which is expected to take between a fifth and a third of the water from the Euphrates for irrigation.

The project is one of a string of seven dams along the banks of the Euphrates. The first of these, the Keban Dam, went into service in 1978.

Olympic Airways strikers offer compromise accord

BY ANDRIANA IERODIACONOU IN ATHENS

OLYMPIC Airways pilots and engineers, on strike since last Thursday, yesterday made a compromise proposal to end the deadlock. The strikers have offered to go back to work in exchange for an end to a government crackdown against members of their unions, and to postpone negotiations for wage increases and tax cuts until after the strike is resolved.

At a press conference yesterday pilots and engineers said that their terms for ending the strike are:

- That the Government rescind a civil mobilisation order issued against their unions in a bid to prevent strike action. A special decree permitting such mobilisation in times of national emergency was passed in Greece in 1974.
- That 35 pilots and engineers dismissed during the strikes return to their jobs and that six remanded in custody be released.
- That the impounding of 40 strikers' property to compensate Olympic for losses from the strikes, be revoked.

'Moonlight' working under fire in Hungary

By Leslie Colitt in Berlin

HUNGARY'S 250,000 workers who lease factory machines and equipment after work and turn out scarce goods and perform needed services have come under growing criticism.

Company-sponsored "moonlighting" has resulted in payment of hourly wages by private work partnerships (UGMKs) which are double or triple the amount earned during regular working hours.

Hungarian officials and newspapers complain that workers in the 20,000 UGMKs "take it easy" during regular working hours in order to save their energy for the more profitable second jobs.

Mr Ede Horvath, general manager of the Raba engineering works, said the UGMKs had reduced the value and prestige of regular work. Company output had risen only 2 per cent last year while wages were up 10 per cent.

Social tensions have also risen because workers on low fixed salaries who do not belong to the private work pools are being badly squeezed by inflation. The Government said inflation last year was 7 per cent but knowledgeable Hungarians believed it was twice as high. The target for this year is 5 per cent inflation.

Mr Peter Loerincze of the Hungarian Chamber of Commerce said recently the UGMKs had become a "form of overtime" and that the chamber was pushing for a better wage system to remunerate the main eight-hour job. However, no one in Hungary, he remarked, wanted to abolish the private working pools which were sanctioned by the Government in 1982.

COMPANIES SEEK BETTER TERMS

Oil price fall helps Irish economy but hits exploration drive

BY HUGH CARNEGY IN DUBLIN

FALLING oil prices have helped make 1986 the cheeriest year for some time for Ireland's energy-importing economy but they are not much help in the country's long struggle to find commercial offshore oil deposits.

Exploration in the Celtic Sea off the south coast and the deep-water Porcupine Basin off the Atlantic coast has continued for more than 10 years, but no oil field has yet been tapped commercially to add to the natural gas flowing from the Kinsale Head field since 1978.

This year started on an optimistic note when Gulf Oil Ireland, a subsidiary of the US company Chevron, struck oil in the Celtic Sea off the southern coast. Within three months, Chevron announced that it was selling Gulf as part of the parent's response to tumbling crude prices.

As Gulf was the operator on the two most promising Celtic Sea finds, the announcement seemed to confirm that, as far as oil is concerned, the luck of the Irish is singularly lacking.

Since January, Irish oil companies have in some cases seen their share prices halved from already low positions. Atlantic Resources, a partner in both the Gulf discoveries, has slipped from just over 50 Irish pence (37p) to below 15p. After a Gulf discovery in 1983, it peaked at more than I£9.

In this difficult climate, a number of companies are understood to have approached the Government on reducing the drilling commitments under their licences. Differences have also deepened between the oil companies and the Fine Gael-Labour coalition over the Department of Energy's participation terms in any commercial field.

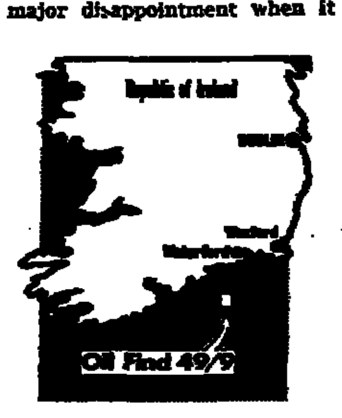
However, hope has not been abandoned that Ireland can find its own oil to substitute for the 4.5m tonnes it currently imports annually to meet nearly half its primary energy needs.

The indications are that about 10 new exploratory wells will be drilled this year, meeting the Government's expectations and representing the largest yearly number for some time—even if the knock-on effect of low oil prices means a fall in drilling next year. Marathon Petroleum has announced that of the the new wells it has drilled showed oil and gas.

Attention is focused on an area in the Celtic Sea running roughly south west to north east, about 25 miles off the south eastern coast where the Gulf discoveries were made.

The first, in November 1983, was in licence block 49/9. In tests, it flowed at almost 10,000 barrels a day (b/d) leading to a wave of excitement that Ireland had at last found a good-sized oil field. It was in water depths of less than 250 ft and the light crude was of high quality.

The second Gulf find, about 20 miles east in Block 50/6, produced similar quality oil at just over 2,000 b/d. An appraisal well on the 49/9 find caused major disappointment when it spouted water and further work has yet to be done on 50/6.



However, oil company assessors say that the two finds appear to indicate that significant recoverable deposits probably small to medium size in world terms, of high quality oil do exist in Jurassic structures under the Celtic Sea.

Previously, despite the Kinsale Gas field and a later gas find by British Petroleum, Celtic Sea prospects were held to be unpromising based on the new waxy oil shows found in shallower cretaceous structures. (High quality light crude has been identified in the Porcupine Basin but these deposits are so expensive to exploit that they are not likely to prove viable until the next century).

Improving seismic techniques are also helping to overcome geological difficulties. The partners in Block 49/9 now believe their disappointing appraisal well was drilled into a different structure than the strike well and they plan to drill a new appraisal well this year.

Complicating work on both finds is the fate of Gulf Ireland. BP, a partner in 50/6 with British Gas, Union Oil of the US, Hydrocarbons Ireland, Atlantic Resources and another Irish company, Aran Energy, has taken over operation of the licence covering that find from Gulf.

Chevron is committed to selling the remainder of Gulf Ireland as a going concern but a buyer has yet to emerge. With companies already seeking to limit their drilling commitments while oil prices are so low, finding a buyer prepared to take on additional commitments is likely to prove difficult.

Frustration at the faltering progress has surfaced in a sometimes ill-tempered clash between local companies and the Government over state participation terms. The Department of Energy last year cut tax liabilities on marginal fields but kept open its option to take up to 50 per cent participation in all fields.

Oil companies say the terms compare badly with Ireland's European neighbours and uncertainty over the possible 50 per cent option means they cannot cost in advance how much the state take-up may be on any discovery. This impedes risk-taking in exploration, they argue, which was reflected in last year's third licensing round when only nine licences were taken up.

"If the present industry problems are ignored and corrective action is not taken, the development of this vital national resource could be postponed by up to one decade," said Mr Richard O'Toole, managing director of the Irish company Tuskar Resources, at a recent symposium in Dublin. Prime Minister and Energy Minister, has said the government will take changing circumstances into account, but he would not be drilled into changing the state's terms.

The Celtic Sea remains a reasonable oil prospect but, with its unproven record, prevailing oil prices of $10-12 a barrel look like further hampering its development. One Irish oil company executive put it this way: "We are just getting to the stage where the jigsaw is coming together. We are confident of further discoveries if there is enough exploration. At $20 a barrel there could be a real lift-off. At $15 a barrel, we would be okay."

Insurers count cost of heavy marine losses

By John Wicks in Zurich

BIG LOSSES have cost the international marine insurance business almost $2.4bn over the past 14 years, according to a study issued by Swiss Reinsurance.

In the period 1972-85 there were a total of 98 losses in excess of $10m each, and "record losses in the $100m range are no rare occurrence."

However, in 1984 and 1985 total losses were substantially lower than during the period 1978-83. Last year, losses are given at $127.8m, the biggest single claim having been that of $39.5m following an explosion and fire on the "West Vanguard" drilling platform off Trondheim.

While world premium volumes are said to have increased sevenfold, from some $1.5bn to $10.5bn, between 1965 and 1980, this growth subsequently gave way to a decline in both absolute and real terms.

Denmark may face autumn poll over Nato N-stance

BY HILARY BARNES IN COPENHAGEN

BOTH Mr Poul Schlueter, Danish Prime Minister and Mr Uffe Ellemann-Jensen, the Foreign Minister, warned yesterday that the Opposition Social Democratic Party will provoke an autumn election over Denmark's relationship with Nato if they try to obtain a majority in the Folketing for a resolution declaring Denmark to be non-nuclear in time of war or crisis as well as in peace.

The two leaders of the minority coalition government were reacting to a weekend statement by Mr Anker Joergensen, the leader of the Social Democratic Party, in which he said that if he returned to office the party would renounce the use or threat of use of nuclear weapons under all circumstances.

By a policy adopted in the 1950s no nuclear weapons are permitted on Danish territory "under present circumstances."

Mr Schlueter said yesterday that if the Social Democrats pushed this policy through it would endanger Denmark's full membership of Nato. "We would not just be able to take note of such a change," he said.

According to Mr Ellemann-Jensen, this stance would in reality mean that Denmark would have to drop its reinforcement agreements with our Nato allies.

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EUROPEAN NEWS

Crackdown on drugs trafficking discussed

WEST EUROPEAN justice ministers yesterday discussed ways of cracking down on drug trafficking, but a controversial Danish plan to approve the use of undercover agents and telephone tapping failed to gain unanimous support, Reuter reports from Oslo.

Mr Christian Hambro, a member of the Norwegian delegation, briefing journalists after the first session of the meeting, said there appeared to be complete support for tougher action to seize money obtained through drug smuggling.

Mr Hambro said national legislation to allow the seizure of assets before conviction on drug charges had been proposed by Denmark as part of a package that included stepping up "unorthodox" policing measures against drug dealers.

Mrs Helen Boesterud, Norway's Justice Minister, said: "Exaggerated eagerness on law enforcement may lead to violation of human rights."

Mr David Mellor, in charge of Britain's anti-drug policy, called for harmonisation of European legislation to allow drug traffickers' assets to be seized. "This is a truly international business," he said.

He favoured tougher police powers: "My view of human rights is one where decent citizens' children can go to a party without having drugs peddled to them," he said, adding: "It's time for the talking to stop and for the action to begin."

Mr Hans Engelhard, West Germany's Justice Minister, told the conference that Bonn was studying its criminal laws to take fuller advantage of undercover agents used to infiltrate drug networks and of the use of anonymous witnesses in drugs trials.

He said: "Thought will have to be given to the question of whether and how the statutory provisions relating to forfeiture and confiscation (of drug profits) should be amended, so that drug traffickers can be deprived of the profits from their shameful dealings."

The Danish report said cocaine abuse had increased considerably in Europe in the past three years and that producers might start looking to European markets because cocaine use in the US appeared to be stagnating.

"US experts say that 20 to 30 tonnes of cocaine have been smuggled into Europe in the past two to three years," the Danish report said, adding that abuse of cannabis and heroin appeared to be stagnating.

The report said the strength of international drug rings showed there might be a need for "radical repressive measures" such as telephone tapping, bugging rooms, more efficient physical searches to detect drugs hidden in peoples' clothes or in their bodies, and the possible use of anonymous witnesses.

West German Chancellor Helmut Kohl (centre) and French President Francois Mitterrand (right) arriving at the Chateau of Rambouillet, accompanied by aides, for four hours of informal talks to prepare for the EEC summit in the Hague on June 26 and 27. Officials said the agenda included the threat of a trade war with the US, and the continuing problems of financing agriculture. Trade sanctions against South Africa, favoured by France and opposed by West Germany, as well as Mr Kohl's proposal for an international conference on nuclear safety in the wake of Chernobyl were other key topics.

Gorbachev assails vested interests

BY PATRICK COCKBURN IN MOSCOW

MR MIKHAIL GORBACHEV, the Soviet leader, said the structural reform of the Soviet economy is being sabotaged by vested interests in the Communist Party and state. He was speaking to the 307-member Communist Party Central Committee called to discuss the five-year plan to be ratified by the Soviet Parliament today.

In his strongest attack yet on senior Soviet planners and managers Mr Gorbachev said that many of the plans they had submitted for the next five-year plan totally ignored the drive to raise productivity and quality of production. "Where are they sending the country, these wretched planners and ministerial officials who endorsed these plans?" he asked.

Mr Gorbachev's speech has a frustrated tone. He quoted a study carried out in Leningrad, the biggest Soviet industrial centre after Moscow, showing that ministries had planned to spend 40 per cent of capital expenditure in the Leningrad region over the next five years on new buildings and greater operating capacity.

This wholly contradicts Mr Gorbachev's theme that existing capacity must be better used and capital spent on raising the technical level of machinery employed. He said that because of labour intensive industries using too much labour there are 700,000 unfilled vacancies in industry and if the number of shifts worked was increased this would rise to 4m. He disclosed that new technology would reduce the number of manual workers in the Soviet Union by 5m by 1990.

Mr Gorbachev said "the work to draft the new five-year plan has been pretty tough." It was first sent back for redrafting by the Politburo over a year ago. Many senior administrators have lost their jobs since then but the threatening tone of Mr Gorbachev's speech—and the lurid examples he gave of the resistance of entrenched bureaucrats to reform—may well presage a new purge of economic and party officials.

As an example of the strength of resistance from regional and party officials, Mr Gorbachev cited the case of an electrical plant manager who had introduced advanced technology without waiting for specifications from the Electrical Engineering Industry Minister. He was then sacked and, despite the authorities finding in his favour, expelled him from the Communist Party. When his supporters sent a letter to Moscow protesting "it never reached Moscow because the local authorities intercepted it at the post office."

Paris, Bonn plan crucial arms talks

BY DAVID MARSH IN PARIS

MR ANDRE GIRAUD, the French Defence Minister, is to meet Mr Manfred Woerner, his West German counterpart, early next month for what appears a last-ditch effort to resolve differences over the two countries' project to build a joint combat helicopter for the 1990s.

The meeting, likely to take place in Paris, comes amid growing signs that both countries want to make a final decision by July on whether or not to go along with the helicopter.

The French Defence Ministry has rejected reports from Bonn that the project is about to be abandoned. The Ministry is also optimistic that an accord can be found with the West Germans to include a re-drawn helicopter project in partnership with other armaments agreements — including those involving tanks and ground-to-air missiles — which could form the basis of an eventual European anti-missile defence screen.

Mr Giraud has already discussed with Mr Woerner pooling the two countries' expertise in tanks to link projects at present at the planning stage in Paris and Bonn. Officials on both sides met a few days ago to discuss possible tank collaboration.

However, plans originally agreed between President Valery Giscard d'Estaing and Chancellor Helmut Schmidt on a joint tank dubbed the "Charlemagne" were abandoned in 1982, underlining the efforts that will be needed to resuscitate collaboration in this field.

The next talks between the two Ministers, to take place soon after Mr Giraud returns from the US at the beginning of July, will be preceded by a preparatory meeting between the French and West German armaments directors.

Mr Giraud was the last Industry Minister under the Giscard Administration and previously served for eight years as head of the French Atomic Energy Commission (CEA). He has been spending the past few weeks preparing a full-scale review of French defence programmes.

Mr Giraud already has considerable experience of co-operating with the US stemming from France's decision to buy US nuclear-reactor technology, taken at the beginning of his period at the CEA.

As a result, he is not ruling out collaboration with the US on future French armaments programmes, including the project to build an advanced combat aircraft based on the Rafale prototype developed by the Dassault-Breguet group.

Mr Caspar Weinberger, the US Defence Secretary, with whom Mr Giraud will be having talks during his US trip beginning on June 28, offered France technical collaboration on the aircraft at the end of last year.

Unemployment in France continues to increase

BY PAUL BETTS IN PARIS

THE FRENCH Government reported yesterday a fresh rise in unemployment at a time of growing signs of trade union discontent in the public sector and worries over restructuring of key industrial sectors.

French unemployment rose by 0.8 per cent last month on a seasonally adjusted basis to 2,447,700 people from 2,429,000 people in April when unemployment rose by 1.7 per cent.

The increase in the jobless rate in May was expected and the Government believes unemployment may continue to rise in the coming months. However, the conservative Government hopes the situation will improve later this year when its recent crash programme to provide more jobs for the young starts producing its first results.

The latest rise in unemployment leaves the total number of jobless 1.5 per cent above the level of a year ago.

The figures come at a time when there are increasing signs of a reawakening of union protests.

After a strike paralysing the Paris underground system last week and protests which disrupted rail services, it was the turn yesterday of postal workers to strike. Shipyard workers have also threatened a strike next week in protest against a further round of upheaval in the French shipbuilding industry which is expected to involve principally the troubled Normed shipbuilding group.

Normed has called a meeting of its works council next week when it is expected to threaten the suspension of payments unless it receives fresh aid from the Government. But the Government has adopted in recent weeks a tough line on subsidies.

The state-owned Renault car group, which is also seeking government aid, has also confirmed plans to cut 8,600 jobs by the end of this year to bring down the workforce in its French car operations to 75,900 by the end of December.

Hunger strike underlines fears over immigration law

BY DAVID HOUSEGO IN LYONS

THE DISQUIET of the Arab community in France at the much tougher laws of immigration being introduced by the Government of Mr Jacques Chirac has surfaced in a hunger strike launched by two young French-born Arabs in Lyons.

The protest is over two clauses in the new legislation which leave immigrants much more vulnerable to expulsion from France and which transfer decisions in such cases from the judiciary to the Ministry of Interior.

Both of the hunger-strikers are members of the militant Young Arabs of Lyons movement, but their protest has the support of Cardinal Decourtray, Archbishop of Lyons, reflecting the widespread concern in the Catholic Church at the new legislation.

Lyons has one of the largest immigrant communities of French cities. It has also been at the forefront in recent years of moves by the immigrant community in France aimed at minimising racial discrimination.

Mr Nasser Zaïr, one of the hunger-strikers, yesterday criticised the provisions in the new law which allow for expulsion for those deemed "a threat to the public order." He said that there was no precise definition of what was meant by a "threat to public order," and that for those young Arabs who had spent their life in France it was equivalent to the threat of banishment.

Many immigrants have until now stayed in France on the basis of ten year renewable residents' permits. The new law will, in effect, make it more difficult to obtain such permits and introduce fresh uncertainty into immigrants' lives.

The other clause in the bill which worries the immigrant community is that expulsion will in future depend on a decision by the police and the local prefect. The immigrants want the opportunity to put their case before magistrates.

Stockholm considers real interest rate tax

By Kevin Done in Stockholm

SWEDEN, already the most heavily taxed country in the Western world, moved a step closer yesterday to the introduction of a controversial new tax, the so-called real interest rate tax.

A committee of inquiry established by the country's Social Democratic Government a year ago to prepare proposals for such a tax yesterday presented its report to the Finance Ministry.

A similar tax was introduced in Denmark in 1983 and the Swedish report has borrowed heavily from the Danish experience.

In essence the new tax would be a levy on savings in pension funds and life insurance schemes, which benefit from certain tax advantages, particularly in periods when real interest rates are very high, as at present.

The system suggested would act as an annual wealth tax on all the assets held by life insurance companies, collective trusts and pension funds. Corporations would also be taxed where they make tax deductible allocations in the balance sheet for pensions.

The tax would operate only in those years in which the real rate of interest — the nominal yield minus inflation — on such assets exceeded a certain threshold. In Denmark the threshold is a real interest rate of 3.5 per cent, and 100 per cent of interest earnings above this level are liable to taxation.

The committee has taken no stance on what threshold should be employed in Sweden, nor on the rate of taxation that should be applied.

It is still unclear, however, whether the Government is willing to risk the political storm that would result if it seeks to introduce the new tax.

Date set for EEC-Turkey talks

BY QUENTIN PEEL IN LUXEMBOURG

EEC FOREIGN ministers have set a date of September 16 for their promised autumn meeting with the Turkish government, overriding strenuous Greek objections to such a normalisation of relations.

The date was announced by Mr Hans van den Broek, the Dutch Foreign Minister and current chairman of the EEC Council of Ministers, when Greece failed to register a formal protest.

The planned association council is seen by Community diplomats as an important gesture of goodwill towards the Turkish government, ahead of very difficult negotiations on the future access of Turkish workers to the EEC labour market.

Mr Teodoros Pangalos, the Greek Minister for European Affairs, made it clear after the meeting that his Government still maintained its objection to the process of normalisation of EEC-Turkish relations, until important Greek concerns have been met.

Those include fears over the promised freer access for Turkish workers, a charge of Turkish discrimination against Greek residents' property rights in Istanbul, and the continuing Turkish occupation of northern Cyprus.

Mr Pangalos warned that the association council could be "meaningless," because its decisions require unanimity from the 12 EEC member states.

Mr Van den Broek said the presidency and the European Commission would continue to make every effort to resolve the Greek concerns in talks with Turkey. He called on the Turkish Government itself to help resolve those issues, now that a date had been set for the association council.

Greece is not the only member state with fears over the long-standing promise that Turkish workers should enjoy much freer access to EEC jobs from the end of the year. West Germany is particularly anxious, because the overwhelming number of such migrant workers goes there.

AMERICAN NEWS

Brazil cabinet split over land reform cash

BY IVO DAWNAY IN BRASILIA

A FIERCE debate is under way within the Brazilian Government over the amount of cash to be earmarked for its controversial agrarian reform programme.

Mr Dante de Oliveira, the newly-appointed Land Reform Minister, is insisting that Cz 1.2bn ($60m) assigned to the scheme be released immediately and that a further Cz 4bn ($200m) must also be found to meet this year's target for resettling 150,000 families.

This week, however, Mr Marco Maciel, the chief of the Civil Staff and a key adviser to President Jose Sarney, warned that such figures were unrealistic and that the programme must inevitably face delays.

"The Government cannot promise to commit these resources," he said. "The figures demanded by the Land Reform Minister just don't correspond to what we have available this year."

The land issue has recently risen to the top of the political agenda in Brazil following widespread violence across the country. Conflicts have been provoked by a sharp rise in the expectations of the rural poor, encouraged by radical churchmen, that the Government could be pressed to meet its commitment to redistribute land.

Consequent occupation of farms has led to vicious clashes with landowners and dozens of deaths. President Sarney went to the northern city of Imperatriz at the weekend to appeal for an end to violence. Next month he is to visit the Pope in Rome to appeal directly to the Vatican to restrain the radical Brazilian clergy.

Under commitments inherited from Mr Tancredo Neves, the President-elect who died before taking office last year, the Government plans to resettle 7.1m peasant farmers by the year 2000. Many now believe this target to be hopelessly unrealistic, however, in the light of organised resistance by traditional landowners, now formed into a powerful pressure group, and the inevitable budgetary restraints.

Earlier this month, clashes within the Government over the scale and speed of the reform programme led to the resignation of the previous Land Reform Minister, Mr Nelson Ribeiro, who was strongly associated with the radical compulsory purchase scheme advocated by church militants.

Mr Oliveira, who is also on the left of the Government, is now attempting a more conciliatory approach. Nevertheless, he believes that some Cz$12bn must be committed to the reform process, and is advocating the issue of special land bonds and the tapping of World Bank loans.

Other cabinet members contend that the Government's public sector deficit prohibits such large expenditure. Some progress on the land issue is viewed as essential, however, if the violence in the countryside is not to undermine the surge of popularity enjoyed by the Sarney Government as a consequence of its radical anti-inflationary measures taken in February.

Robert Graham reports on a growing political dilemma for Washington

Panama military provokes opposition

THE BEHAVIOUR of General Manuel Antonio Noriega, head of the powerful Panamanian Defence Forces, is presenting the Reagan Administration with a serious dilemma.

Washington has long accepted the key role played by the Panamanian military in guaranteeing stability, but Gen Noriega's increasingly open management of the country, coupled with renewed allegations of his involvement in drugs trafficking, is provoking growing opposition within Panama.

The fundamental US interest in the country is to assure stable control over the Panama Canal. Under the 1979 Carter-Torrijos Treaty, the US guaranteed joint responsibility for the defence of the canal until 1999. As a result, the US has over 1,000 troops permanently stationed there and an annual military expenditure of about $500m filters into the local economy.

This presence has led to a close relationship with the 12,000-strong local defence forces and Washington's policies tend to be dictated by strategic interests rather than democratic considerations. The Defence Forces have exploited the situation to build up a position of unparalleled influence.

"Traditionally the Americans have supported security above democracy," says a leading Opposition spokesman, Mr Ricardo Arias Calderon, head of the Christian Democrats. "Now, the continued interference of the Defence Forces in the democratic process is causing instability. Maybe their interests are better served by supporting democracy. I certainly feel they should accept this," he adds.

President Eric del Valle takes the oath, the fifth president in Panama since 1982. Critical comment about the country's military chief has made his task impossible and many of his officials owe their loyalty to the generals

The case against 47-year-old Gen "Tony" Noriega is a long and complex one, centring on accusations that he has turned Panama into a fiefdom in which he is the *de facto* head of state and where the military are allowed to act with impunity both in business and political life. Panama thus appears anomalous in an increasingly democratic Latin America.

The military's contempt for the democratic process is underlined by their having eased out of office four presidents since 1982. The last to go was Mr Nicolas Ardito Barletta, who was forced to step down in September 1985, after only nine months as President. Mr Barletta ironically was the military's candidate in an election which was widely believed to have been rigged.

Mr Barletta incurred the military's displeasure through inept attempts to introduce an austerity programme needed to cope with the cost of servicing Panama's $3.7bn foreign debt. Their annoyance was compounded by Mr Barletta's modest efforts to clean up corruption, and, more importantly, a move to establish a commission to investigate the murder of Mr Hugo Spadafora, a well-known opponent of Gen Noriega.

Mr Spadafora's decapitated body was found near the Costa Rican border on September 13 last year after he was seen being removed from a local bus by members of the security forces. This uninvestigated crime has provoked increasing outrage within Panama.

The motives for his killing, and especially its unpleasantness, are muddied by speculation, but the anger against Gen Noriega lies in his refusal to investigate the crime when he has every resource to do so.

Opponents point out that nine in 10 of his 13 Cabinet Ministers are loyal to Gen Noriega, along with 39 of the 67 members of parliament. Two recent Supreme Court appointments, they say, plus that of the Attorney-General also reflect the hand of Gen Noriega, who personally controls three newspapers, one television station and influences six radio stations.

In these circumstances it is not surprising that the Opposition have jumped on accusations, leaking from US Senate hearings of General Noriega being linked to drugs trafficking and arms dealing. General Noriega and President Delvalle this week publicly denied these allegations; but more Senate hearings are due and the matter is unlikely to rest.

The Reagan Administration has refrained from public comment on the issue. Since Mr Barletta's departure, however, relations have been chilly, with the US displaying what was described by one Western diplomat as "measured displeasure." This displeasure has involved a freeze on aid disbursements totalling some $50m.

The Panamanian Government needs US support to obtain pending disbursements of IMF and commercial bank credits. Otherwise there is the risk of further unpopular austerity measures.

The Reagan Administration is also aware that to be seen interfering too openly in Panamanian affairs could produce a local backlash, with the military taking advantage of latent resentment over the continued American presence in the Canal zone.

Venezuela looks for Oslo backing

By Richard Johns

THE VENEZUELAN Government is optimistic that the visit of Mrs Gro Harlem Brundtland, Norway's Prime Minister, to Caracas starting today may lead to support from Oslo for the Organisation of Petroleum Exporting Countries in its bid to recover some market share and restore prices.

Her meeting with President Jaime Lusinchi and Mr Arturo Hernanadez Grisanti, the Energy Minister, could lead to a breakthrough in Opec's campaign to win collaboration from non-members, in the opinion of Venezuelan officials.

They are well aware, though, that Oslo will first have to be convinced of Opec's ability to reassert greater discipline among members and observance of output quotas even under a higher ceiling of up to 18m barrels a day, compared with the present 16m b/d.

Sheikh Ahmed Zaki Yamani, the Saudi Minister of Oil, is expected to have talks with Mr Arne Olien, the Norwegian Energy Minister, before Opec's ministerial conference starting on June 25 on the Yugoslav island of Brioni.

Venezuela hopes that the shift in policy by the recently elected Labour-led coalition away from the laissez-faire stance of its Conservative predecessor could even lead to a token cut of 50,000-60,000 barrels a day.

Such a cut might be made if the state were to forfeit royalties or Statoil a proportion of its oil entitlements, Caracas believes.

Fed thinks economy will shake off current weakness

BY STEWART FLEMING IN WASHINGTON

SIGNS OF weakness in the US economy in the second quarter have not surprised the Federal Reserve Board, which does not expect them to continue, according to Mr Manuel Johnson, a Fed governor. He admitted, never the less, that the weakness is a *"source of concern."*

Mr Johnson's remarks yesterday followed evidence over the past few days of continuing sluggishness in the industrial sector, including declines in industrial production and capacity utilisation in May, and surveys showing that business appears to be trimming back capital expenditure plans.

The Commerce Department reported yesterday a 7.4 per cent decline in housing starts last month. But the fall, from a particularly high level, was due to a cut in apartment building and starts are still running at a relatively strong annual rate of 1.9m units.

The Department also announced that the current account deficit, the broadest measure of US international trade, was $33.7bn in the first quarter, virtually unchanged from the revised level for the fourth quarter of last year.

Although the merchandise trade deficit decreased by $800m to $36.6bn, reflecting unchanged imports and a rise in non-agricultural exports, a $2bn decline in net services receipts resulting from lower net investment income prevented any decline in the current account deficit.

In the capital accounts, net US purchases of foreign securities hit a record $6.1bn, including a record quarterly $2.1bn purchase of foreign stocks, half of them in Japan.

US bank claims on foreigners fell by $7.8bn as a result of continued weak international demand for US bank credit, the Commerce Department said.

Net inflows of capital for foreign direct investment in the quarter, at $1.3bn, were the lowest for eight years. Foreign purchases of US securities, other than Treasury securities were $18.8bn, down $3.6bn from the record fourth quarter level. Private purchases of Treasury securities rose to $8.3bn from $5.7bn

Baker unlikely to attend Zurich monetary meeting

BY OUR WASHINGTON STAFF

MR JAMES BAKER, the US Treasury Secretary is not now expected to attend an international monetary conference in Zurich at the end of this month

The privately sponsored meeting, which has been backed by two leading congressmen, Senator Bill Bradley and Representative Jack Kemp, was seen by its organisers as a forum for Mr Baker to build support for his efforts to improve the functioning of the international monetary system.

Top banking and financial officials from major industrial trading countries, leading academics and parliamentarians had indicated they will attend.

Officials suggested that Mr Baker felt he should stay in Washington to help guide the tax reform bill through Congress and to deal with the crumbling financial crisis in Mexico.

George Graham adds: there was some relief in Europe yesterday at the prospect that Mr Baker would not attend the conference. While government officials see some chance of making progress on the Treasury Secretary's plans for international monetary reform, many favour a slower approach.

Mr Baker's wish to establish closer economic policy co-ordination among the leading industrial nations and monitoring of a range of conomic performance indicators formed the core of the joint communique after last month's economic summit meeting in Tokyo.

Almost before the summit was over, however, West German and Japanese officials were expressing a much more cautious point of view on the extent to which they would be willing to subordinate their own economic policies to this monitoring process.

Limit on Star Wars work 'not acceptable'

By David Buchan

THE LATEST Soviet proposal that the US limit its Star Wars research to laboratory work would frustrate several planned experiments in space over the next few years and is therefore unacceptable, a US Defence Department official in London said yesterday.

The official from the Pentagon's Strategic Defence Initiative (SDI) office welcomed signs of new Soviet negotiating flexibility on the Star Wars programme. However, he said, the US needed to "come out of the laboratory" to conduct experiments and make "models" of space defence weapon prototypes, on which to decide whether to proceed later with actual deployment.

Such experiments, the official said, were planned to test weapons, their detection and aiming sensors, and their "battle management" systems.

Star Wars research could provide Western Europe with contracts worth $2.6bn, or roughly 10 per cent of the total SDI research budget proposed by the Reagan administration, he estimated.

So far, Britain, which along with West Germany has signed a SDI cooperation accord with the US, has gained contracts worth only a few million dollars.

The official said some $10m worth of contracts were "in the pipeline" for the European allies. While US law prevented any outright preferential treatment of foreign bidders for defence contracts, he suggested that research contracts on ground-based defences against short-range Soviet missiles, as most needed in Western Europe, could be quite properly drafted to give large amounts of work to European companies.

Strike breakthrough

THE union representing 155,000 striking US telephone workers yesterday announced a tentative contract agreement with American Telephone and Telegraph (AT & T) which could end a walkout that has disrupted operator and other services, Paul Taylor reports from New York.

The Communications Workers of America (CWA) union said the three-week strike could end by Sunday.

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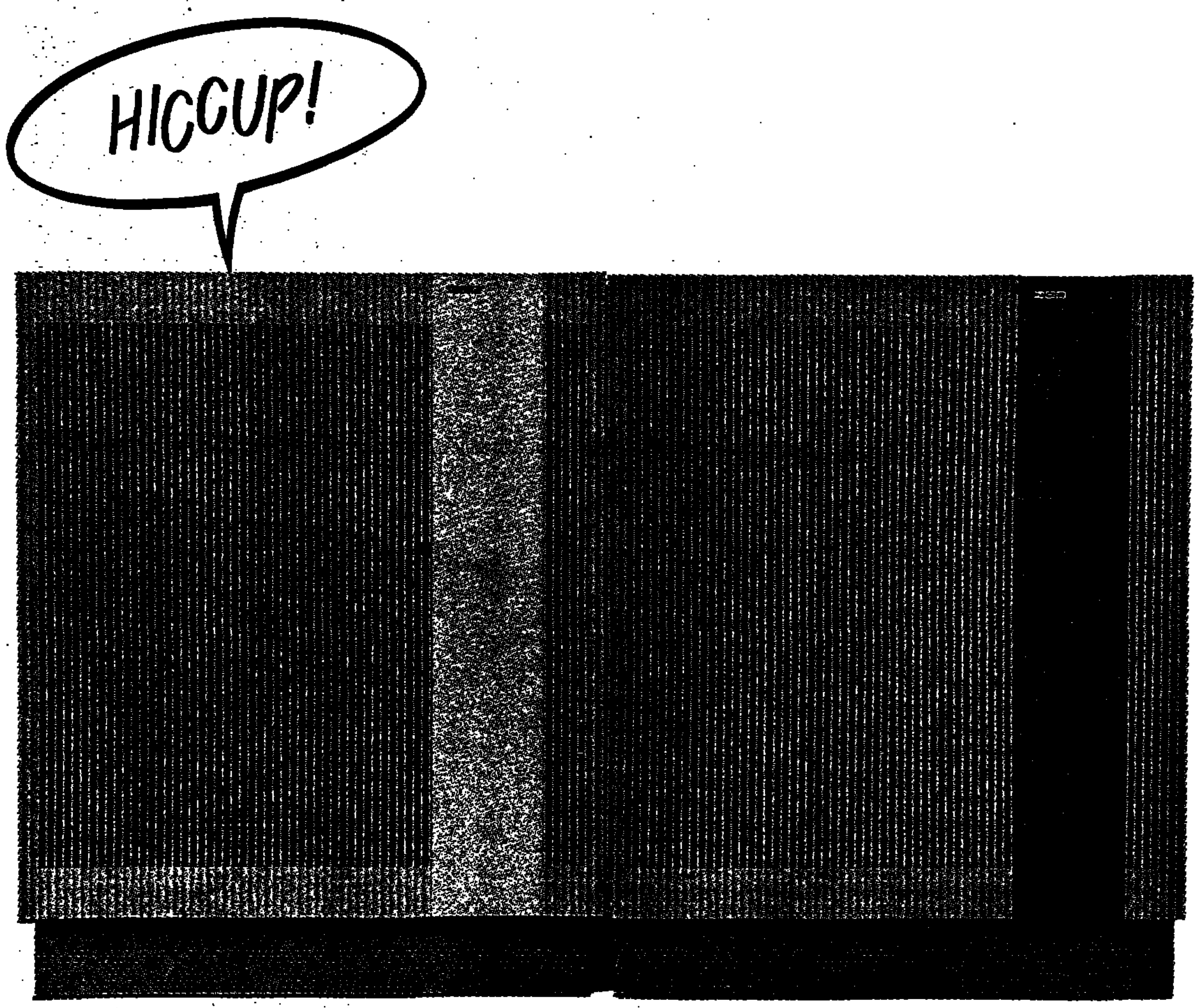


WORLD TRADE NEWS

Soviet Union offers joint venture deal to Western companies

BY PATRICK COCKBURN IN MOSCOW

THE Soviet Union has proposed to Western companies that they set up joint ventures with Soviet enterprises in the Soviet Union for production for the domestic market.

The new initiative in Soviet foreign trade appears to be a reaction to a fall in Soviet oil export earnings which has made it more difficult to buy equipment or plant direct from the West. The Soviet side is particularly interested in machine building and agro-industry joint ventues, say diplomats in Moscow.

Mr Nikolai Ryzhkov, the Soviet Prime Minister, raised the question of joint ventures with Japan at the meeting of the Soviet-Japanese joint commission on April 16 and Soviet interest was also expressed to Sweden and Britain soon afterwards.

Since last October the Soviet Union has signed or discussed a large number of joint-venture projects with its East European allies, with the exception of Rumania. These ventures will be sited in Eastern Europe and the Soviet Union and generally involve Soviet capital and East European technology.

Fifteen projects have been discussed with Hungary, seven with Poland and three signed with Bulgaria. About a dozen joint venture projects are being discussed with East Germany and Czechoslovakia.

The main area of Soviet interest is high technology. Two of the projects signed with Bulgaria, for instance, are for the production of mechanically steered machine tools and car electronics. Projects under discussion with Hungary include medical equipment and computers.

The main Soviet motive in negotiating joint ventures in Eastern Europe appears to be the need to produce more high-technology equipment for Soviet industry. A centrepiece of the economic strategy proposed by Mr Mikhail Gorbachev, the Soviet leader, is to refurbish Soviet plant with better machinery. However, Soviet engineering and machine-tool industries do not have the capacity to produce sufficient technically sophisticated equipment at the speed Mr Gorbachev wants.

Some Western companies have shown interest in the idea of joint venture projects in the Soviet Union although the Soviet concept still appears "vague" say diplomats. These are mostly companies already involved in business in the Soviet Union hoping to improve their standing in Moscow.

During the past year the Soviet Union has shifted away from big projects it had put out to tender before the 1986-90 five-year plan. Shortage of hard currency and the unfashionability of big projects on green field sites appear to be the main motives for cancellation or postponement.

China to apply for Gatt membership

By William Dullforce in Geneva

CHINA formally announced its intention of applying for membership of the General Agreement on Tariffs and Trade (Gatt) in Geneva yesterday.

Xian Jiadong, the Chinese ambassador, told the Gatt council that his country wanted to rejoin Gatt in order to execute better its new, open-door policy and to expand trade relations. The necessary steps would be taken "in due course."

Mr Xian added that China wanted to take part in the new round of multilateral trade negotiations and to attend in September the meeting of trade ministers at Punta del Este, at which the round is due to be launched.

The Chinese have been discussing with several Gatt-member countries in recent weeks the practicalities of fitting their trading system into that of Gatt. China left the organisation in 1950 after the Communist takeover.

● China should open another round of bidding for new power plant projects towards the end of the summer, Mr Bruno Mejean, manager of the US export finance unit at Chase Manhattan Bank, Reuter reports from New York.

Chase was recently awarded the co-leadership of a $221.7m syndicated financing for two thermal power plants which will be built by an international consortium led by General Electric.

The Bank of China's China development finance unit is the other co-lead manager.

US launches new bid to ease export controls

BY NANCY DUNNE IN WASHINGTON

THE US Department of Commerce and the Pentagon yesterday proposed a liberalisation of export controls with the creation of new "gold card" export licences for established foreign customers buying controlled, but non-military, US products.

It is expected to reduce the number of licences issued by the Commerce Department by 20 per cent to 25 per cent and to reduce considerably the time needed for other export licensing procedures.

Mr Stephen Bryen, deputy under-secretary of defence for trade security policy, announcing the new system along with Mr Paul Freedenberg, assistance secretary of commerce, said it would be "the first significant reform" in US export controls for many years.

The proposed gold card procedure allows foreign buyers of US goods and technology to apply for certification as reliable end-users.

US exporters would be able to ship certain goods and technologies to approved customers by simply calling the Commerce Department and obtaining an approval card number.

The exporter would include the customer's gold card number and the approval code with his sale, and the US customers' service would verify it. The whole system would be automated, simple and quick, Mr Bryen said.

Initially, the system will apply to companies in the 16 member countries of Cocom—the Paris-based Co-ordinating Committee of Multinational Export Controls grouping Nato and Japan.

However, the administation officials who announced the proposal yesterday said they were pleased with the progress of many neutral Western countries in adopting export controls and said their companies would also be allowed to join the system.

Depending on the commodity and the destination, it now takes anywhere from a few days to several months to obtain export licences from the Commerce Department.

Importers in Eastern bloc countries will not be eligible for certification.

The Commerce Department will be obtaining comments on the new proposal all summer and hopes to implement the system and begin approving end-users in the autumn.

Transatlantic airlines flew 3m empty seats in first quarter

BY CHRIS SHERWELL IN SINGAPORE

AIRLINES operating between Europe and North America flew 3m empty seats across the Atlantic in the first three months of this year — the equivalent of 100 DC-10s a day — it was said yesterday.

The figure came from Dr Gunter Eser, director general of the International Air Transport Association (Iata), in the opening session of a management seminar in Singapore for civil aviation chief executives in the Asia-Pacific region.

Dr Eser said, preliminary figures for the North Atlantic in the first quarter showed that the number of seats available rose almost 16 per cent while the number of passengers carried was up just 2.8 per cent, compared with a year earlier.

Fears among potential US tourists about terrorism in Europe had badly hit transatlantic traffic, Dr Eser said, as had the fall in the dollar against European currencies. But the fact that capacity was increasing faster than traffic was also important.

Japan intends to lower airline fares for international flights leaving Japan, due to the yen's appreciation, writes our Tokyo staff. Transport Minister Mr Hiroshi Mitsuzuka said yesterday he was negotiating with the Ministry of Transport on a plan to lower fares by 10 per cent for US-bound one-way flights and 12 per cent for discounted round-trips to Europe. However, fares from the US and Europe are likely to be raised.

Dr Eser said passenger traffic on Iata international scheduled services in the first four months this year rose only 2 per cent compared with the same period last year, while capacity rose 7 per cent.

Dr Eser also drew attention to two other serious problems facing the world's airlines:

● The blocking of airline earnings by governments of developing countries which face financial difficulties. The amount of blocked currency at present totals $836m, he said, and the governments responsible were mostly in Africa and the Middle East.

● The heavy extra costs imposed by governments which, for political or military reasons, make authorised routes longer than necessary. Dr Eser cited the case of routes between Hong Kong and European cities, which could be 500 nautical miles shorter if they crossed only China and the Soviet Union instead of flying south to India and then turning north.

Referring to deregulation in Europe, Dr Eser outlined a "probable" framework for increased competition in the EEC, which is being discussed this week. He said Community airlines would be able to set fares anywhere between 11 zones for different classes of travel without having to obtain specific government approval. There might also be some easing of capacity restrictions in bilateral agreements.

Gatt warns on Japan, US chips agreement

By William Dullforce in Geneva

THE IMMINENT agreement between the US and Japan on semiconductor trade could have serious consequences for makers and users of computers and other electronic equipment worldwide, according to the Secretariat of the General Agreement on Tariffs and Trade (Gatt).

A confidential report by the Secretariat on export restraint and market-sharing arrangements in breach of Gatt rules highlights the proposed deal on microchips as the most notable addition to non-tariff barriers.

The report submitted yesterday to the Gatt council notes that US and Japanese companies between them produce more than 90 per cent of the world's supply of chips.

Talks at official level between the two governments are entering their final stages. US negotiators have strongly denied that a worldwide cartel would be set up.

Confidential

In a confidential report the secretariat lists about 120 export-restraint or market-sharing arrangements which are inconsistent with Gatt rules. Of these, 17 were introduced or refurbished during the six months to the end of March.

Examples of the arrangement to which the Gatt secretariat refers are Japan's "voluntary" restrictions on car exports to the US and exports of videotape recorders to the European Community and the agreement under which the EEC agrees to restrain exports of steel products to the US.

The report singles out the most notable new addition the arrangement between the Japanese and US industries to limit exports of Japanese semiconductors to the US markets.

Since the two industries together produce more than 90 per cent of the world's supply of chips, an agreement of this nature could have serious consequences for manufacturers and users of computers and electronic equipment throughout the world, the secretariat said.

Responsive

Farm policies continue to "generate serious problems" for the trading system, the secretariat reports. But it is not unrelievedly gloomy and notes that provisions in the new US Farm Act and recent proposals on agricultural policy from the EEC Commission demonstrate attempts towards making farm support prices more responsive to market forces.

The secretariat also credits the Reagan Administration with successfully opposing some protectionist demands at the same time as it describes protectionist pressure in the US as being "more intense than at any time since the 1930s."

On the brighter side the secretariat records the recent steps by Japan to open up its markets and points to instances where countries, including some developing nations, have autonomously introduced liberalisation measures.

A paradox drawn out in the Gatt report is that several industrialised nations have directed recent protectionist actions against exports from countries which they are simultaneously urging to perform better in servicing their debts.

Examples cited include the limits on access to the US and EEC markets for steel exports from Brazil; EEC and Japanese barriers to imports of beef and veal from Argentina; and the effects on several indebted countries of the trade policies on sugar pursued by the US, the EEC and Japan.

Eutelsat opts for Ariane and Shuttle

By David Marsh in Paris

EUTELSAT, the European satellite communications organisation, has chosen both the Ariane space rocket and the US space shuttle to launch satellites planned to be placed in orbit at the end of the decade.

Eutelsat, which groups the posts and telecommunications organisations from 26 European countries, said it decided to launch three satellites with Ariane and one with the shuttle.

Although the value of the contracts is not being revealed, prices for launches of medium-sized communications satellites on Ariane in the next few years are believed to be about $45m a spacecraft.

Eutelsat placed an order in April with European companies led by the French state-owned Aerospatiale to build three satellites for launching from mid-1989, with options on a further five. The craft are planned to meet growing demand for additional business and public communications and TV services from Eutelsat, which already has two satellites in operation.

GM obtains licence to build Egyptian factory

BY TONY WALKER IN CAIRO

EGYPT has formally issued a licence for General Motors (GM) of the US to set up a car assembly plant in partnership with Egyptian investors. Investment in the project, which is being launched during an economic slump in Egypt, exceeds $700m.

Egypt's Investment and Free Zones Authority gave its approval on Monday for GM to establish a new joint venture company to be named the General Misr Car Company (GMCC) to build two models.

GM will hold 30 per cent of the equity in the project. The remaining 70 per cent will be distributed among public and private Egyptian investors. Institutional shareholders include El Nasr Automotive Manufacturing Company (Nasco), Misr Iran Development Bank and the Export Development Bank of Egypt.

Mr Barton Brown, GM's vice-president of Asian and African Operations, said GMCC would import components for the 1.2 litre Corsa, and 1.6 litre Opel Ascona models, for assembly at existing plants run by Nasco and Arab American Vehicles Company (AAV).

Production is expected to begin in mid-1987. Planned output of Asconas and Corsas in the first year is expected to be 30,000, rising to 50,000 by the fifth year. This could increase to 90,000 annually, depending on local market conditions.

A feature of the car project will be the establishment of component "feeder" industries. These will supply components for the Egyptian-assembled cars and also for export to GM subsidiaries in Europe.

Some 18 component manufacturing companies from the US, Germany, France, Italy and Sweden are negotiating to establish ventures in Egypt or are conducting feasibility studies. These manufacturers include TRW of the US, which makes steering systems, Roth Technik of Germany (exhausts), and Technocar of Italy (filters).

GM's proposed car plant complements its truck assembly operation established last year to produce medium-sized vehicles. GM executives say they regard Egypt as an important regional market and a base for future operations.

GM beat a number of competitors for the contract to assemble cars in Egypt. Among those bidding were Peugeot of France, Fiat of Italy, and several Japanese car makers.

The biggest compensation claim against the UK government is about to be decided, reports **David Rudnick**

Verdict soon for aggrieved shipyard owners

THE EUROPEAN Court of Human Rights in Strasbourg will soon deliver judgment on the biggest compensation claim yet made against the British government under the European Human Rights Convention. At stake is well over £600m claimed by a group of former shareholders in companies nationalised by Labour under the 1977 Aircraft and Shipbuilding Industries Act.

The claimants, who include names like Vickers and Yarrow, English Electric and Vosper Thornycroft, say the compensation they received—£130m—was grossly inadequate, and that the Government violated their property rights under the Human Rights Convention.

The case is first involving nationalisation to come before the Human Rights Court. It offers the bizarre spectacle of a Conservative government, pledged to an ambitious programme of privatisation, defending the consequences of a controversial act of nationalisation by its Labour predecessor.

It came as no surprise to the shareholders that the industry minister at the time the act was being prepared, Mr Tony Benn, accorded low priority to their interests. What embitters them is the evident betrayal of their cause by Conservative ministers who were their strident champions while in opposition. Mr Nigel Lawson described the compensation terms as "grossly inadequate;" Mr Tom King called it "outright confiscation," while Mr Michael Heseltine was sufficiently moved by the injustice to brandish the parliamentary mace in a truly Cromwellian gesture of defiance.

Not unnaturally the aggrieved shareholders were led to expect a much improved compensation offer when the Tories came to office in 1979. But opposition rhetoric was not to be translated into government action. In August 1980 Sir Keith Joseph, then Industry Secretary, told Parliament that the compensation terms were "grossly unfair" but he regretted that a supplementary award to right the wrong would be "unjust to the many people who had sold their shares on the basis of the previous terms."

This argument, that retrospective legislation to rectify the situation would have meant injustice to other former shareholders, was rejected by—among others—Sir Nicholas Goodison, the chairman of the Stock Exchange, and Sir James Cleminson, the CBI president. Sir James took the view that "investors buy and sell shares at their own risk"—caveat vendor in this case.

Sir Keith's stated reason for not paying more compensation may not have been the full story. A more intriguing possibility is that the Government, mindful of the PSBR, may have been reluctant to disburse hundreds of millions of public sector funds, especially to "big business," while it was urging public sector authorities to exercise fiscal restraint.

Some of the aggrieved parties had already thought of taking their case to Strasbourg, but held off in the expectation of a better deal from the Conservative government. When that proved illusory, the complaints went ahead. The first stage was to apply to the European Human Rights Commission, which filters cases to decide whether they are admissible before the Human Rights Court, and then delivers an "opinion" which influences, but does not bind the court.

The commission published its findings in March 1984 and overwhelmingly upheld the British Government. It found that the compensation offered struck a just balance between individual rights and the public interest, and did not therefore infringe the shareholders' rights under the Human Rights Convention. The Commission also took into account the wider social and political objectives which underlay the nationalisation act; these, it said, gave the state a wide margin of discretion in pursuing what it regarded as the public interest.

Nevertheless, the commission said the case should go before the court, whose binding agreement is expected later this summer. If it is unusual for the commission to refer a case to the court after finding so heavily against the applicants, it is even more unusual for the court to contradict the commission's "opinion" in these circumstances. The smart money at Strasbourg is therefore backing the British Government to win. But the extreme complexity of the case — it has taken the 19 Council of Europe judges a year since the hearings to decide — could yet result in something less than a clear cut judgment.

The Government has privately admitted the possibility of having to pay more compensation in a confidential and delicate letter to the US Securities and Exchange Commission, which regulates the American stock market. The letter, released under the US Freedom of Information Act, was meant to allay American investors' fears that buying stock in privatised UK state industries entailed a risk of repossession on unfair terms by an incoming Labour government.

The root of the problem lies in the inordinate time — 1974 to 1977 — it took to pass the nationalisation act. The Labour government acknowledged that the prospect of nationalisation could harm company share prices, which was why it decided to pay compensation on the basis of quotations in the six months before it entered office in February 1974. Few could then have foreseen that the legislation would take three inflation-ridden years to enact, or that the companies involved would show such a varied pattern of profit and loss over the next few years. The anomalies and inequities—compensation amounting to as little as one-seventh of claimants' assets at vesting date—arose from a chapter of accidents rather than any political conspiracy, but that of course is little consolation to the aggrieved shareholders.

Soon they and we will know the judgment of Strasbourg. If the Human Rights Court should award any of them more compensation, it could prolong the nine-year saga. Though the Government would accept the ruling, there could be protracted new negotiations about the precise amounts.

The case has wide legal and constitutional implications for both British government and citizenry. The UK is among the minority of contracting states which have yet to give the rights and freedoms of the European Human Rights Convention the force of domestic law.

The right of property, including the right to be paid just compensation for its deprivation by the state, is recognised in British legal and constitutional principles, but they may be overriden by Act of Parliament. The shareholders had to go to Strasbourg because British courts cannot declare legislation unconstitutional. Parliament remains omnipotent, empowered to make any law even if it might breach the rights conferred by the Human Rights Convention.

Mr Gerald Kaufman, the minister who steered the Aircraft and Shipbuilding Industries Act on to the statute book, has expressed the fear that if the Strasbourg court should find for the claimants and override the 1977 legislation, it would pose a threat to the basic British principle of the supremacy of Parliament. This fear is probably exaggerated but the surest way of protecting the venerable principle of parliamentary surpremacy and simultaneously enhancing the cause of human rights could well lie in integrating the European Human Rights Convention into UK law, a cause which the present case might serve to highlight.

BENN: low priority for shareholders

JOSEPH: terms grossly unfair

HESELTINE: brandished mace

KAUFMAN: fears over supremacy

UK NEWS

Government borrowing slows

BY GEORGE GRAHAM

GOVERNMENT borrowing so far this year is running at a lower rate than last year as non-oil tax revenues continue to exceed earlier levels.

The public sector borrowing requirement in May is provisionally estimated to have been £1.1bn, the Treasury said yesterday, bringing the total in the first five months of 1986 to a net £100m. This compares with £2.6bn in the same period of 1985.

Public sector borrowing can fluctuate wildly from month to month, as tax payments and government spending bills fall due. For the present financial year, beginning in April, the public sector borrowing requirement is forecast by the Treasury at £7.1bn.

Central government borrowed £1.7bn in May on its own account, and in addition £900m was lent on from central government to local authorities and public sector corporations. The overall central government borrowing requirement of £2.6bn in May brought the total for the first five months of the year to £4.1bn, compared with £2.3bn a year earlier.

Much more has been lent on to local authorities this year, however. They have in recent months refinanced much of their borrowing through the Public Works Lending Board.

Local authority borrowing from central government so far this year has totalled £5.5bn, compared with £1.6bn in the same five months of 1985. Overall, however, local authorities' contribution to the public sector borrowing requirement this year has been to reduce it by £2.8bn, whereas in the same period last year they increased it by £399m.

The Inland Revenue received £3.69bn of taxes in May, bringing its total receipts in the first five months of the year to £27.75bn, 10 per cent more than in the same period of 1985.

Moves to privatise water face obstacle

By David Brindle, Labour Staff

PLANS TO privatise the water industry face a fresh obstacle in the form of a legal challenge by the National and Local Government Officers' Association, the union representing most white-collar water workers.

Nalgo announced yesterday that it had begun High Court proceedings against Thames Water, the biggest and most profitable water authority, to stop preparations for privatisation.

The union is seeking a judicial review of Thames' expenditure on privatisation plans. If the challenge succeeds, and an injunction is granted, all 10 water authorities may have to halt their preparations.

Mr John Pitt, Nalgo process national officer for the water industry, said: "An injunction would stop Thames and other authorities spending large amounts of money in anticipation of a decision which has not been taken."

The union claims that expenditure on privatisation plans is premature as the Bill providing for disposal of the 10 authorities is not due to be introduced into parliament until the autumn.

Nalgo also claims that Thames' alleged expenditure on privatisation is *ultra vires* in that the Water Acts of 1973 and 1983 make no provision for spending on such matters.

Thames yesterday accepted it had set up a privatisation unit and agreed it was in discussions with Lazard Freres, merchant bankers. However, it strongly denied that the publicity campaign, which it said cost less than £250,000 had been in any way related to privatisation.

Labour plans higher spending as 'main engine' for new jobs

BY ROBIN PAULEY

THE NEXT Labour government would need a rigorous system of public expenditure supervision because the scale of demands for more spending would be so great, Mr Jack Straw, an environment spokesman for Labour, said last night.

Mr Straw said the Labour government's "paramount and overwhelming" priority would be to reduce unemployment with a target of creating 1m jobs over two years.

The main engine of job creation would be increased public spending and an increased level of public sector borrowing. Britain's level of public sector borrowing was now among the lowest in the world and the unemployment levels were among the highest, he said.

"The challenge, not just for a Labour government but for the whole labour movement, is to get real value out of every extra pound of public spending. Bluntly, we can increase the total number of jobs in the economy through increased public spending or we can increase the living standards of those already in work. But in the short term we cannot do both. Trade union leaders understand this."

All public spending projects and proposals would have to be tested on a "jobs per pound" basis and some groups would be disappointed if the overriding objective was to be achieved, Mr Straw said. Local authorities should be ready when a Labour government came in with their own job creation projects for government funding if they met the "jobs per pound" criteria.

Mr Straw gave a warning that a Labour government could face problems with some sections of the City of London.

"There are many within the City who believe it their duty to work co-operatively with whatever government is elected. But there are some in powerful positions who equate their interest and the national interest with that of the Conservative Party and who will seek actively to undermine confidence in a future Labour government," he said.

Previous governments had made themselves more vulnerable to attack from the City by making clear their prior intentions to defend sterling at levels set by the City and not by the real economy.

"We should not make the same mistake twice," Mr Straw said.

Nothing, he said, more clearly illustrated the distorted moral values of Mrs Thatcher's Britain than the example of a dealer in the City earning not only four times more than a head teacher but twice as much as a senior executive in industry.

Mr Straw attacked the Conservatives' record in government since 1979. "After two Thatcher parliaments, the first elected on a clear pledge to reduce unemployment, Britain will have moved from having dole queues around the average of our industrial partners to being far and away the worst of them."

Despite the welcome fall in inflation, in absolute terms Britain's inflation record relative to the rest of the world was little different from 1979, he said.

"When the Government talks, as they frequently do, about the continuing problem of Britain's international competitiveness, they acknowledge this inflation reality," Mr Straw said. He added that inflation would start to rise from the time of the next election, partly because current pay settlements were running at two to three times the level of inflation.

Mr Straw also complained about the degree to which Britain had become divided – "divided geographically between north and south, divided within regions, between city and country, divided socially not just between those in work and those out of work but between finance on the one side and industry and public services on the other."

Alliance leaders to review Polaris

By Peter Riddell

THE TWO leaders of the Social Democrat/Liberal Alliance yesterday agreed personally to undertake a further study over the summer of the criteria affecting a decision on the replacement of the submarine-based Polaris nuclear deterrent.

The agreement, reached at yesterday's meeting of the Alliance joint strategy committee, is a further sign of the desire of the two leaders to avoid what was threatening to become a major split within the Alliance and within the Social Democratic Party (SDP) itself.

The Alliance strategy committee also agreed that every effort should be made to ensure that the two parties fight the next election with a united Alliance programme for government.

This reflects the acceptance by Dr David Owen, the Social Democrat leader, of the view of Mr David Steel, the Liberal leader, that it would be "near the end of the world" if the two parties went into the next election with different policies on Polaris.

Dr Owen, however, believes that in the final analysis he has to reserve the SDP's position. He could not agree to a defence policy in which the party did not believe.

He feels that he has made clear the importance of the defence issue and has not compromised on his belief that a British nuclear capability should be retained unless international circumstances alter dramatically.

Dr Owen believes he now has the support of his own party for this view, though some other SDP leaders believe the replacement of Polaris should be more conditional.

In a statement after yesterday's strategy meeting, the two leaders "agreed to undertake further study of the criteria which the Alliance joint commission on defence and disarmament believes must be evaluated before a decision on the future of British nuclear weapons, namely: the balance of relationships within Nato between Europe and the US, the range and costs of technical alternatives which might be available to maintain a European minimum deterrent, and the views of European allies on whether new British nuclear capabilities are required for European defence."

Mr Steel and Dr Owen plan to hold talks over this summer with other European leaders to explore their views on these issues.

No formal timetable has been set.

Unions to hold talks on Wapping strategy

BY HELEN HAGUE, LABOUR STAFF

LEADERS of the five unions involved in the 21-week-old News International dispute meet today in an attempt to thrash out future strategy.

In the wake of the rejection by sacked workers of its £50m compensation offer, Mr Rupert Murdoch's company is seeking court orders against the print unions Sogat '82 and the National Graphical Association (NGA) to end mass picketing outside the company's Wapping plant in east London and at other sites.


Mr Rupert Murdoch

This fresh legal offensive – if the orders are granted and mass picketing continues both unions could have their assets seized – is likely to bear on today's strategy discussions.

Yesterday afternoon, there were eight arrests for public order offences outside the plant when about 500 demonstrators attempted to gain entry.

Despite the threat of sequestration posed by the latest court moves, many pickets have been heartened by the impact their presence is having on morale inside the plant and the company's finances, as detailed in affidavits accompanying the writs.

Last night, Mr Tony Dubbins, general secretary of the NGA, was scheduled to address a meeting of the Fleet Street branch of the electricians' union, the EETPU.

Since the dispute began, nearly 250 members of the branch have been reporting for work as normal at Gray's Inn Road and Bouverie Street in London – where News International's four titles were printed before the switch to Wapping.

Early in the dispute, the branch called for the resignation of Mr Eric Hammond, the EETPU's general secretary, and the entire union executive because of the role they were alleged by the branch to have played in aiding and abetting News International.

The NGA is believed to favour resubmitting a complaint to the Trades Union Congress (TUC), against the electricians' union if it fails to instruct members working at Wapping not to cross printworkers' picket lines. However, Mr Norman Willis, the TUC's general secretary, indicated last week that persuasion was more likely to yield a successful future strategy than the threat of discipline.

Ballots 'more effective' in the workplace

BY OUR LABOUR EDITOR

WORKPLACE BALLOTS in trade unions produce a markedly higher level of membership participation than postal votes, according to evidence in a forthcoming academic study

The study, by Mr John Leopold, a sociology lecturer at Stirling University, is an examination of the ballots in unions on the retention of their political funds, carried out in the last year under the requirements of the Government's 1984 Trade Union Act.

Its findings on the question of the effectiveness of workplace against postal ballots will provide hard information for unions such as the transport workers or the public employees' which ballot at workplaces, against unions such as the electricians or the engineering workers which are the principal champions of postal balloting.

Almost all the unions which balloted on their political funds reported higher turnouts in this vote compared to others in the unions, irrespective of the method used. Based on an examination of all returns, Mr Leopold puts the overall average turnout at 62 per cent.

His paper, to be published in a forthcoming issue of the Industrial Relations Journal, says that "the debate on the respective merits of workplace and postal ballots is currently to the forefront of debates on internal union democracy."

His evidence suggests that "those unions which conducted their ballot in the workplace had turnouts on average 30 percentage points higher than those using postal ballots."

UK NEWS

Comsat may offer satellites for DBS

By Raymond Snoddy

COMSAT, the US satellite organisation, is exploring the possibility of offering two "substantially complete" satellites to serve Britain's direct broadcasting by satellite (DBS) project.

Senior executives from Comsat, the US representative of Intelsat the international satellite telecommunications monopoly, have already visited the UK for talks with potential DBS operators.

It is believed that Comsat has had talks with Granada Television, Mr James Lee's National Broadcasting Service, Mr Michael Green, chairman of Carlton Communications and Mr John Jackson's company DBL.

There have also been talks between Comsat and the Independent Broadcasting Authority (IBA) to see whether the Comsat satellites could meet IBA specifications. Comsat, through its subsidiary Satellite Television Corporation, planned to launch DBS in the US and placed contracts with RCA for two satellites each of which can provide three channels of television.

Plans for a joint venture with the US television network CBS came to nothing and Comsat cancelled its DBS plans.

DBS, is the provision of new channels of television from high-power satellites to dish aerials on individual homes. The basic price of the contract for the two satellites was $120m.

Tomkins' claim to bid victory hits time snag

BY DAVID GOODHART

A FAULTY photocopier has, at least temporarily, denied F.H. Tomkins, the fast-growing conglomerate, control of Pegler-Hattersley, one of the UK's major valve manufacturers.

The keenly contested £192m takeover bid, which has come to be seen as a battle between old and new in the engineering sector, could now be resolved in the courts.

The bone of contention is the lateness of the announcement of F.H. Tomkins' claim to control 55.4 per cent of the Pegler share capital. Under the rules of the City of London's Takeover Panel, the bidding company must announce to the London Stock Exchange whether or not it has won control by 5pm on the 60th day of the offer.

F.H. Tomkins' merchant bank, County Bank, admits that it failed to do this by a margin of two minutes – although others put it at five minutes.

Mr Nick Wells, of County Bank, said: "Cazenove, our brokers, went to tell the stock exchange at about two minutes past five that the offer had gone unconditional and Pegler complained that we were too late. The problem was we had a lot of counting and then a photocopier broke down at a crucial moment."

Mr Fredy Fisher, of merchant bank S.G. Warburg, advisers to Pegler, said: "We are considering the situation very carefully. This is something which has not arisen before."

Although the Takeover Panel met briefly last night to consider this unusual situation, the resolution of the argument appears to be out of its hands. The letter of the panel code – rule 31.6 – has clearly been breached and it now becomes a question of whether that makes the whole bid legally invalid.

In the recent case of Scottish & Newcastle Breweries versus Matthew Brown, the Lancashire brewer, Scottish & Newcastle's "victory" was deemed invalid by the panel because it had used an extra 1½ hours to win last-minute support instead of just counting the votes.

Pegler, after several years of flat profits, announced an estimated 19.6 per cent rise in pre-tax profits to £21.67m during the bid and tried to cast doubt on some of the accounting practices of F.H. Tomkins. But Tomkins' rapid growth and more ruthless image, which has made it one of the most popular of the acquisition-minded mini-conglomerates, appears to have persuaded the majority of shareholders.

With Pegler's shares slipping 4p in London last night to 595p and Tomkins' dropping 5p to close at 305p, the Tomkins 29 for 14 share offer valued each Pegler share at 631.7p and the whole company at £192.6m. The cash alternative was 600.7p a share.

Investors to buy Steelstock from GKN

By Ian Rodger

GUEST KEEN and Nettlefolds (GKN) has agreed to sell its large steel stockholding business to a group of unidentified private investors.

GKN Steelstock is the UK steel stockholding market leader with sales last year of £197m and a 13 per cent market share. It employs 1,750 people. GKN said the identity of the investors would be revealed when the sale was completed "within a few weeks."

It said that the investors did not have any interests in steel manufacturing or in "stockholding in similar materials to GKN Steelstock."

That would rule out almost all steel stockholders because Steelstock carries a very wide range of steels. GKN also said that none of the present management of Steelstock was among the investors.

The steel stockholding business operates on slim margins but employs relatively little capital. According to a report by the stockbrokers Greene & Co, GKN Steelstock had a pre-tax margin in 1983 of 1.1 per cent but employed only £30.2m of capital. Associated Steel Distributors, one of the largest quoted companies in the sector, had pre-tax profits last year of £2.6m on turnover of £80.3m.

GKN said the sale arose as a result of an approach by the investors. It did not reflect any decision by the group to reduce its commitment to its other wholesale and industrial distribution businesses, which include a number of automotive equipment distribution companies in Europe, the US and Australia. Last year, the distribution division accounted for £181m of GKN's £2.2bn total turnover.

The sale of Steelstock represents the final disposal of GKN's steel-related businesses.

GOVERNMENT PLEDGE TO BREAKAWAY MINERS' GROUP

Legislation may back union's rights

BY PHILIP BASSETT, LABOUR EDITOR

THE GOVERNMENT is to legislate if necessary to provide representation rights in the coal industry for the breakaway Union of Democratic Mineworkers (UDM).

Such a move will ensure the future of the UDM within the industry, and will make even more unlikely the possibility of the union and the National Union of Mineworkers reforming into a single union in the near future. The UDM was formed by miners opposed to the national union led by Mr Arthur Scargill during the year-long miners' strike which ended in March last year.

Leaders of the NUM have vociferously opposed full conciliation and consultation rights being given to the UDM, and have blocked any moves towards it by the National Coal Board.

If there is no movement from the NUM towards accepting representation rights for the UDM, the Government will bring forward in the next parliamentary session a new Coal Industry Bill. This will include new statutory provision altering the terms of the 1946 Coal Industry Nationalisation Act and allowing the UDM full rights.

The move was signalled yesterday by Mr David Hunt, the coal minister. Speaking to the UDM's conference in Buxton, he said the position of the NUM blocking representation for the UDM "cannot be allowed to continue any longer" – though he gave a warning that 40 years of history could not be swept away overnight.

He attacked the "unreasonable and intransigent approach of the NUM leadership to changes necessary to reflect the new realities in the industry," and shared the resentment of UDM members that the union's efforts to achieve representation were being frustrated.

He said: "It is my sincere hope that wiser counsels will prevail within the NUM. But if they do not, I can assure you that this Government will not stand by and watch a democratic trade union's fight for fair representation fail."

Arguing that it was "outrageous – an affront to natural justice" that substantial bodies of miners could not be represented by a union of their choice, he said: "If these matters cannot be satisfactorily resolved by negotiation then it is the Government's intention to introduce legislation at an early opportunity."

He said that he did not accept that a legislative move in coal would set a precedent for industrial relations more generally which could encourage the formation of breakaway unions.

The Government was committed to a secure coal industry, and in reply to questions from UDM delegates Mr Hunt said that the Government had no plans for the privatisation of the coal industry.

Policy of longer-term pay deals backed

BY OUR LABOUR EDITOR

THE UDM, yesterday became the first British trade union to adopt as a policy the securing of long-term pay deals, running for two years or more, in an effort to bring financial stability for its members and the coal industry.

The union's conference decided with no delegates voting against to support the idea of long-term pay increases.

The move is a significant boost to the small but growing trend, endorsed by ministers, towards pay deals running for longer than the traditional 12 months. A number of unions have been happy with such a development, but the UDM decision is the first time that any union has adopted it as a principal policy on wage increases.

UDM leaders will now approach the National Coal Board to try to open negotiations immediately on a deal to run for two years, or longer if the UDM can shift the pay settlement date from its normal position of November 1 to January 1.

Delegates said that a move towards a policy of longer-term pay deals would be in line with the idea of creating a new, modern trade union.

Mr John Bouser, from Nottinghamshire, said that the union's members would be happier that they would not be faced with the prospect each year of an overtime ban or industrial action, though that did not mean they would be "yes men."

Pay parity for NUM unlikely says MacGregor

SIR IAN MACGREGOR, chairman of the NCB yesterday indicated that members of the NUM would be unlikely to receive pay increases this year of the same order as members of the UDM, Philip Bassett writes.

Speaking after addressing the UDM conference, Sir Ian took the opportunity to refer to the call by Mr John MacGregor, chief secretary to the Treasury, for pay settlements in future to be around 1 per cent.

Although he insisted he was not saying that NUM members should receive an increase of this level – most UDM members have received increases of about 5.9 per cent – he made it clear that in a period of low inflation, settlements should be lower.

In his speech to the conference, Sir Ian accepted that the board had "a willingness, and indeed a responsibility" to pay wage increases to all members of the UDM.

Although he was careful to rebut accusations of an over-close relationship between the NCB and the UDM, he praised its "forward-looking, progressive and democratic practices." UDM's formation was "the most significant event in industrial relations in the coal industry for several decades," he said.

Critics of the UDM seem to have a vested interest in conflict, rather than co-operation: "They never seem to want to learn the lesson that conflict and confrontation are rejected by the vast majority of people in this country, and in our industry."

Government plans to encourage wider share ownership attacked

BY CLIVE WOLMAN

THE GOVERNMENT's proposals to encourage direct share ownership through the granting of tax concessions via personal equity plans (Peps) were criticised yesterday as inadequate, poorly prepared and of benefit mainly to the financially sophisticated.

The criticisms were made by the three speakers at a conference on Peps organised by the Institute for Fiscal Studies (IFS), an independent public finance think-tank.

Under the Pep proposals, each individual would be allowed to invest up to £2,400 a year in equities from which the dividend income and capital gains would be tax-free.

Mr John Kay, IFS director, said the comprehensive tax reform package that is being debated in the US Congress provided "a staggering contrast" with the piecemeal process of tax reform in the UK.

"We now have a different kind of tax regime for every major type of personal savings," he said. "Every year the Government thinks up a new wheeze." Although Peps would reduce the fiscal discrimination against direct investment there was a danger they would end up as a fiasco, with the benefits limited to the wealthy and well-advised.

Mr Paul Bateman, a director of Save and Prosper, the unit trust management group, said that the Government had failed to consider adequately how the selling of Peps should be regulated. Nor had it thought through the consequences of permitting or prohibiting Pep investments in a pooled fund, such as a unit trust or investment trust, rather than directly in shares.

Unit trusts and life assurance could be sold by door-to-door salesmen but the selling of Peps would be restricted in the same way as shares. This would make it difficult to market Peps to a wider public, beyond the existing seasoned group of shareholders.

The difficulties and expenses of Pep managers who took on small shareholders would be compounded if they had to pass on to their clients every company report, voting issue and other information from all the companies, as proposed by the Government.

So far the Department of Trade and Industry, which has ultimate responsibility for the regulation of investments, has been virtually left out of the formulation of the proposals, Mr Bateman said.

Mr Philip Chappell, whose proposals for promoting popular capitalism by curbing the power of pension funds has had a major influence on government policy, said Peps were in danger of emerging as no more than a "little mouse, despite all the Government's high blarney about the importance of wider share ownership."

There was a danger that the relatively minor tax benefits offered by Peps, which would only amount to a maximum of £40 a year for most taxpayers, would be eaten in costly and complex management charges and the costs of buying and selling the shares.

He criticised the low target set by the Government of attracting only 500,000 Pep investors in the first full tax year. The proportion of direct shareholders in the UK was small compared with countries such as the US, France and Hong Kong and the proportion of financial assets held by institutional investors was continuing to grow.

More control on charities urged

By Lisa Wood

A PROPOSAL to increase the powers of the Charity Commission so it could effectively police charities was made yesterday by Mr Tony Blair, MP, Opposition Treasury Minister, and a member of the standing committee on the Finance Bill.

Mr Blair, at a charity conference organised by the Charities Aid Foundation, criticised Government proposals on weeding-out those organisations which use charitable status as a method of tax avoidance.

The Government recently abandoned controversial anti-tax avoidance measures in this year's Finance Bill. Such measures, it was widely alleged by charities, would have adversely affected many bona fide charities.

At present it is estimated that charitable status abuse costs the Inland Revenue more than £25m in tax relief.

Mr Blair said the Government's new proposals were "horrendously complicated"

He suggested instead that the Government should increase the resources of the Charity Commission so they could take on a policing role of charities.

Mr Blair also urged that a special unit be set up, like the Special Office within the Inland Revenue, to investigate dubious charities.

How other regions can learn the lesson of Scotland's success

BY LAWRENCE COCKCROFT

NORTHERNERS have, for most of the past 200 years, believed of southerners: "They live off us."

However, in the past 20 years there are few northerners who have not accepted that the powerhouse of the economy is in the south-east.

For a decade "regional aid" has been as high as £1bn per year. In all the old industrial heartlands of England—the north, the north-west, Yorkshire and Humberside, and the West Midlands—Gross Domestic Product (GDP) per head has steadily declined in comparison both to the UK average, and to the south-east.

The case of Scotland is rather different, since its non-oil GDP per head is now second only to the south-east within the UK. The lessons of Scotland's relative success—controversial as this may be within Scotland—may hold important lessons for redressing the regional balance—or preventing its further deterioration—within England and Wales.

The problem of regional decline is not unique to Britain: Europe and the US suffer to varying degrees. The case of Massachusetts, like the case of Scotland, shows decline can actually be reversed. There the state government has used its status as a tax-raising power to foster close co-operation between industry, the academic community and local townships.

The result has been an economic rennaissance. The rate of unemployment has fallen from 8 per cent in 1970 to 3 per cent today—from well above to well below the national average.

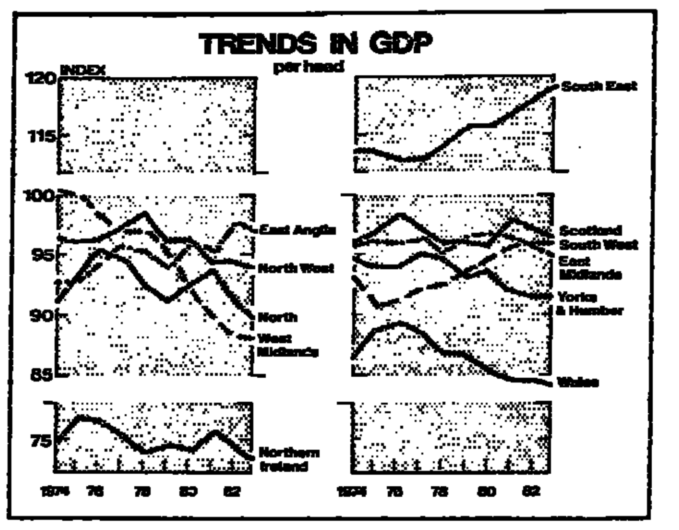
In Scotland, while the rate of employment remains high at over 15 per cent, the creation of over 40,000 jobs in the electronics industry is a feat which makes the Scottish Development Agency the most successful of its kind in Europe.

The roots of Scotland's success go back to the determination of the consultative Scottish Council in the 1950s to attract large American electronics companies to Scotland

The successful outcome of these initiatives has been reinforced by the co-ordinating powers of the SDA (set up in 1976), the relative independence of its parent Scottish Office and the existence of a local financial market.

The common threads in these two and similar stories include some autonomy in the behaviour of the local banking system, giving it the ability to recycle local savings into local industry and infrastructure; the presence of a competent scientific research and teaching community: a joint effort by local industries and academic institutions to develop an effective training and retraining programme; and the existence of a competent authority to foster the recovery programme and effect the links between its component parts.

In the American case they also include considerable autonomy in the use of personal and corporate tax revenue collected in the state.



Source. Central Statistical Office, Regional Trends 1985

For the most part—with the exception of the creation of a scientific research and education network—these conditions can be created by an act of will, by any government that really wants to see the regions reverse their own decline.

Does the present Government wish to redress this decline? In October 1985 the then Secretary of Trade and Industry, Mr Leon Brittan, told the Tory Party Conference: "The proper development and implementation of regional policy is a task of the highest priority."

The policies that he and his colleagues have put in place have merely been a watering down or extension of policies developed since the 1960s which have failed at a total cost of about £30bn. These policies are a complex bundle of handouts from central government divided according to the level of "backwardness" of regions into "development" and "intermediate areas" reinforced by a programme of selective assistance.

Previous governments have recognised the need for co-ordination and long-term planning—at least of infrastructure—at the regional level. In the 1960s and 1970s Economic Planning Councils provided a focus for this purpose, each of them served by a full professional team.

Swept away as no better than regional think tanks in 1979 some of their functions were retained and developed by the metropolitan authorities—now, in turn, dismissed.

We now have a pattern in which the district councils, shire counties and London boroughs must find their own salvation dealing with Whitehall directly, and thinking outside their own borders only through ad-hoc co-operation with their neighbours. More than ever, this is the time of the man from Whitehall.

This is a completely inadequate response to the underlying problems of the regions. The cumulative effect of a losing international battle fought by "mature" industries—textiles, shipbuilding and some forms of engineering—combined with the too-slow growth of innovative industries—electronics, computers, biotechnology and information technology—face them with slow death.

A key ingredient to revival would be a regional banking system, justified by its contribution to a region's prosperity, rather than to the profits of a national bank.

It may be argued that it is too late to recreate such a system in the face of "market forces." Yet within the past year the Government took an initiative to force the sale of the Trustee Savings Bank to the public—a sale which could have been made regionally as opposed to nationally.

Indeed the House of Lords temporarily secured a separate sale within Scotland which was subsequently aborted. In the coming year ICFC is also likely to be sold, by the clearing banks which own its shares, on a national basis. It would be possible to encourage regional bids for ICFC's assets with assistance from the other minority shareholder—the Bank of England.

These were and are golden opportunities to set up important regional banks, whose main purpose would be to share, not avoid, risk together with each region's entrepeneurs. They would need to reflect the spirit of the vice-president of the First National Bank of Boston who in 1958 decided, according to legend, "that if anyone walked in off the street wanting to start a research and development company only the president could refuse him a loan."

It may be argued that too few people will walk off the street seeking loan or equity for any such purpose: the traditional "enterprise culture" of the older industrial regions has been undermined by the long recession.

The pattern of depression built up in the north-east in the pre-war years may now be reflected in the north-west, Yorkshire and even the West Midlands. Yet the share price index of the 140 publicly quoted companies in Yorkshire outperformed the national Stock Exchange index by 15 per cent over the past year; the spirit of entrepreneurial success is not quite dead.

England, and indeed Wales, need a real, not a paper, commitment to the regeneration of the older industrial regions. This can only come by rebuilding from within, not by piecemeal handouts from Whitehall.

It will require decentralisation of a much greater proportion of the national budget, the aggregation of some powers in areas much larger than shire counties or metropolitan districts, the recreation of a national banking system, and a tough self appraisal of each region's strengths.

Without this England, north of Watford, is set to become Wearside writ large.

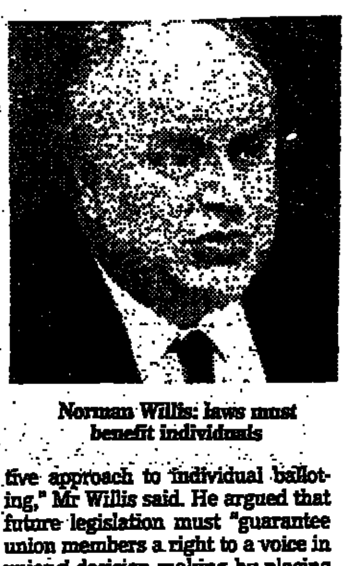
Laurence Cockcroft is SDP-Liberal Alliance prospective Parliamentary candidate for Halifax.

Future labour laws must widen trade unionism says Willis

BY DAVID THOMAS, LABOUR STAFF

THE LABOUR movement's broad approach to the laws which should replace the Conservative government's union legislation was now clear, Mr Norman Willis, general secretary of the Trades Union Congress (TUC) said yesterday.

A consensus was emerging among unions and between the TUC and the Labour Party, Mr Willis told the annual conference of the construction union Ucatt in Bournemouth.



Norman Willis: laws must benefit individuals

He said this consensus contained two main elements:

● Individual rights. "Future industrial relations legislation will have to be seen to be of benefit to individual workers in relation to their employer rather than concentrating on the rights of trade unions as such," he said.

Mr Willis mentioned rights concerning job security, training, dismissal and equal opportunities in this context, as well as the needs "to bring the growing number of part-time and other so-called 'marginal' workers within the scope of the employment laws."

However, he said the law would also need to lay the basis for the extension of trade unionism, including measures to promote union recognition and collective bargaining and to tackle low pay.

He added: "We will be proposing rights to information, consultation and representation for workers in key company decisions."

● Balloting. Future industrial relations legislation must adopt "a positive approach to individual balloting," Mr Willis said. He argued that future legislation must "guarantee union members a right to a voice in unions' decision making by placing strong emphasis on balloting in union elections and before strikes."

This would appear to run against the views expressed by some left-led unions that the balloting provisions of the 1984 Trade Union Act should be repealed, but Mr Willis emphasised that "the actual boundaries of lawful industrial action would entail difficult decisions."

He said that the statement which would be put to the TUC and Labour Party conferences in the autumn on union legislation would not necessarily resolve all the details, but it would establish an agreed approach.

Ministers put Ulster's police under scrutiny

BY OUR BELFAST CORRESPONDENT

MEASURES TO improve relations between the Nationalist minority and the security forces in Northern Ireland were discussed in Belfast yesterday at a meeting of ministers under the Anglo-Irish inter-governmental conference.

Mr Tom King, the Northern Ireland Secretary, said proposals would shortly be published for a new procedure to handle complaints against the Royal Ulster Constabulary (RUC). He said significant progress was also made on cross-border security but no details were revealed.

Mr King and Mr Nicholas Scott, Minister of State for the Northern Ireland Office, met Mr Peter Barry, the Irish Foreign Affairs Minister and Mr Alan Dukes, the Justice minister, at Stormont Castle amid tight security. The meeting was the sixth since the two governments signed their agreement last November.

It provoked an angry response from Loyalists. The Rev Ian Paisley, leader of the Democratic Unionist Party (DUP), said that democratic means of protest were at an end because the Government was dissolving the Northern Ireland Assembly. He said it was time for Loyalists to "mobilise."

However, Mr James Molyneaux, the Official Unionist Party (OUP) leader cautioned against street protests which could be easily exploited by hard-liners.

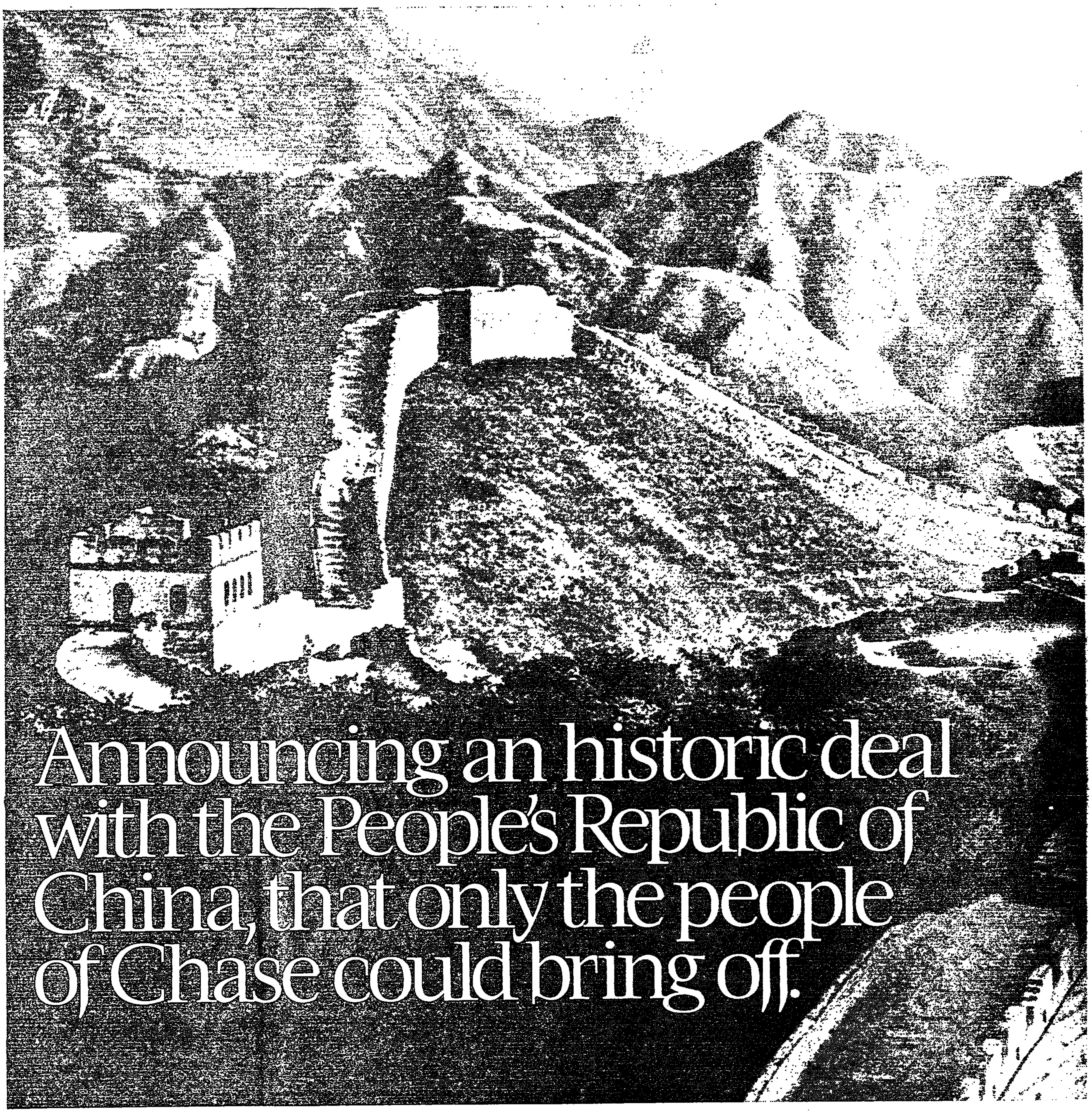
Protests yesterday were relatively low key. About 1,000 people attended a rally in Belfast and at Hillsborough, County Down – where the agreement was signed – members of the DUP chained themselves to railings. Two buses were burned in Loyalist areas of Belfast.

Yesterday's meeting brought forward no specific proposals, with the British ministers agreeing to consider several points raised by the Irish government. No further meetings are expected until after the summer by which stage the Irish Government will be anxious to see concrete proposals on a number of issues, including the court system in Ulster.

Mr Alan Wright, chairman of the Northern Ireland Police Federation, said last night that attempts to split the ranks of the RUC over the Anglo-Irish agreement had failed in spite of attacks on the homes and families of policemen.

The emergency housing unit set up by the RUC to help officers who were intimidated had dealt with 350 cases in the past four months, he said.

Addressing an audience which included Mr King he said: "There comes a time when politicians cannot continue to be so rigid in their ideology that community conflict has to be a permanent feature of life. The RUC cannot go on indefinitely holding the line while politicians fruitlessly slog it out with our lives at stake."



There are currently over 50 major investment and commercial banks in the world.

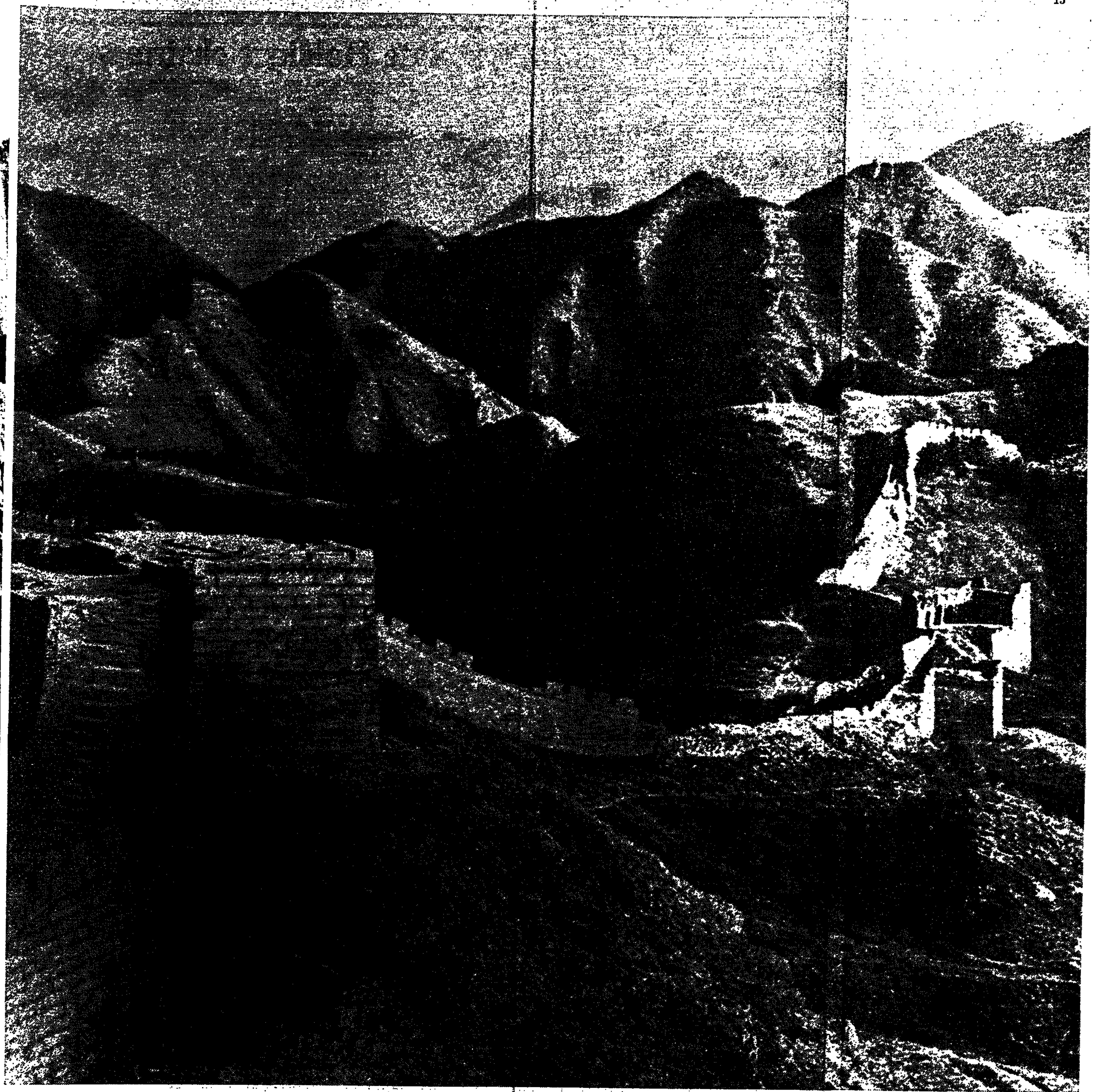
Of that number, a mere handful were selected to submit proposals for financing a massive electrical power project for Huaneng International Power Development Corporation to meet the future needs of the People's Republic of China.

And of that handful, Chase emerged as the lead bank. Because it offered a combination of characteristics no other bank in the world possessed.

First of all, there was Chase's strength and size. And its true global network. Important because the financing would eventually involve multi-national participants, including a syndication of 19 banks.

Chase also offered specialized knowledge in the power generation industry. This was invaluable to General Electric, a long-standing client, and the company that put the consortium together.

Chase was also able to provide an



effective integration of commercial and investment banking skills (an approach which is fast becoming a model for the industry).

And, of course, there were the Chase people. People with expertise in all fields, from swaps to trade finance to electronic banking to mergers and acquisitions. People capable of working in partnership with their clients and each other. A network of bankers able to act quickly.

This total global banking capability that integrates size, international network, specialized industry knowledge and the broadest range of investment banking products is what sets Chase apart from other financial institutions in the world. It's why we were selected for the China project, and other commercial and investment banks weren't.

Fully integrated global banking capability. Experience it for yourself on your next deal.

No matter how complex it may be, one thing is simple. Which bank to choose.

CHASE

APPOINTMENTS

Crystalate Holdings chairman

Mr Nigel McLean, chairman of Newman Industries, has been appointed non-executive chairman of CRYSTALATE HOLDINGS and non-executive chairman of TENBY INDUSTRIES. Mr McLean will remain chairman of Newman Industries.

★

INWARD, the agency for attracting overseas investment into north west England, has appointed **Ms Naomi Lovinger** as senior vice president, North American operations, to take charge of Inward's new offices in Chicago, Illinois.

★

The committee of management of THE PENSION FUND PROPERTY UNIT TRUST has appointed **Mr Dennis Marler**, a member of the committee as chairman ele. He will succeed **Mr Cecil Baker** as chairman at the annual meeting in 1987. Mr Marler is chairman of Capital and Counties.

★

Mr Jeff Currell, formerly deputy production manager, has been promoted to full production manager and made an associate director of VALIN POLLEN.

★

EURO - LATIN AMERICAN BANK has appointed **Mr George M. Ganson** managing director. **Mr Herbert A. Heinig** has been appointed general manager.

★

Sir Ian Trethowan is to join the board of THORN EMI as a non-executive director. He has been a consultant to Thorn EMI for the past four years, and was recently appointed by Thorn EMI as one of its directors on the board of Thames Television. Sir Ian is chairman of the Horserace Betting Levy Board, a director of Barclays Bank UK and of Times Newspaper Holdings and a member of the board of the British Council.

★

Mr John L. Allen has been appointed to the board of ASHLEY INDUSTRIES. He joins the board as a non-executive director representing the interests of Robert Stephen Holdings. His appointment completes the restructuring of the board following the acquisition of Capital Batteries, the sole UK importer of Mitsubishi industrial batteries. Under the restructuring **Mr Charles Choularton** has resigned as chairman but remains as a director and chief executive. **Sir Henry Phillips** has been appointed non-executive chairman, and **Mr Philip S. Gottlieb** of Capitol Batteries has been appointed a director.

★

THOMAS COOK FINANCIAL SERVICES has appointed **Mr Michael Joyce**, group investment manager, to its board.

★

Mr Mark Pigott has been promoted to managing director at FODEN TRUCKS. **Mr Henry Kiefer**, previous managing director, who has been in charge at Foden since the PACCAR takeover in October 1980, returns to the US where he will assume another senior management position within PACCAR.

★

Mr David Maroni of BRITISH OLIVETTI, has been appointed a director. Mr Maroni currently chairs the Centre for Design Studies.

★

Mr Philip Long has joined THE BELL GROUP INTERNATIONAL GROUP. He will head the group's insurance activities as chief executive. Mr Long was with Middle Sea Insurance Co of Malta.

★

Mr Martin Wren, formerly chief executive of BRISTOL CONTRIBUTORY WELFARE ASSOCIATION, has been appointed to the board as managing director.

★

THE 600 GROUP has appointed two group board directors: **Mr A. Christian Schauer**, a citizen of the US, will assume responsibility for the group's North American interests both in the US and Canada. **Mr Brian Carter** will assume direct responsibility for a number of the group's machine tool companies.

★

Mr Michael Hindmarch has joined ARENSON GROUP as company secretary. He was previously business planning manager with Commodore Business Machines.

★

Mr Jan Jinert, managing director of Microgen's Scandinavian subsidiaries, and **Mr Uli Bange**, managing director of Microgen's West German subsidiary, have been appointed to the board of MICROGEN HOLDINGS.

★

At COMPUTER AND BUSINESS SYSTEMS GROUP **Mr Michael Langmore** has become managing director of specialised markets division. He is also appointed to the main board as executive director. Mr Langmore was previously with Unipart Group, where he was in charge of the new business group.

★

Mr James W. Dyson has been appointed a non-executive director of A P BANK. Mr Dyson has just retired as a director of Barclays Bank (UK), Barclays Bank International and a general manager of Barclays Bank.

★

Mr David Coppard has been appointed financial director at HANDMADE FILMS. He was group financial controller.

★

GRANT THORNTON has appointed the following partners: **Mr Richard J. Chaplin**, Bury St Edmunds, and **Mr Andrew Conquest**, Ipswich. On July 1 **Mr Jonathan M. Birch**, Birmingham, **Mr Roland G. Clark**, Bradford, **Mr Richard K. Eastman**, Reading, **Mr R. Howard Kidd**, Brighton, **Mr John K. May**, Ipswich and **Mr Martin S. Robbie**, Portsmouth, become partners.

CONTRACTS

£5.4m Dundee hotel development

BALFOUR BEATTY CONSTRUCTION (SCOTLAND) has commenced work on a £5.4m contract to build the Earl Grey Hotel in Dundee for Stakis. The 104-bedroom hotel will be a five-storey steel framed building with restaurants, bars and function suites built to luxury four-star standards, a leisure centre with swimming pool, sauna, jacuzzi and exercise gym. The new Stakis Regency Casino will be located separately from the hotel but is included within the same contract.

The hotel is being developed on the Dundee Waterfront Enterprise Zone and is being assisted under the Local Enterprise Grants for Urban Projects scheme operated by the Scottish Development Agency and the Scottish office. Its name commemorates the former Earl Grey Dock which was infilled 20 years ago when the landfall was created for the Tay Road Bridge. A total of 150 jobs will be provided during the construction phase with the hotel to be ready for opening in August 1987.

★

Matlock-based **SHAND** has been awarded a £4m by-pass construction contract. The civil engineering division is to construct Riccall Barlby by-pass, 15 km south of York, for the Department of Transport. The 15-month contract, valued at £3.97m, involves construction of 7.3 km of a single 7.3 metres wide carriageway together with seven corrugated steel culverts and a 25 metre span footbridge. The by-pass will follow the course of a disused railway track and, when complete, will relieve Riccall and Barlby of heavy traffic using the A19. The scheme has been prepared by North Yorkshire County Council, as agents for the Department of Transport.

★

WIMPEY CONSTRUCTION UK, a subsidiary of George Wimpey, has won contracts worth over £2.51m. A housing contract, valued at £1.78m, is for phase 4 of the Nottingham Community Housing Association's development in Pieris Drive, Clifton, Nottingham. It comprises a total of 80 houses, flats and bungalows in traditional load-bearing brick/block on strip foundations and with pitched roofs, and is to be built in two stages along with all external works. There will be 36 one-bedroom flats: 16 two-bedroom houses: 24 three-bedroom houses and 4 two-bedroom bungalows in 22 two-storey blocks.

Another housing contract, worth £730,000, is for 42 flats in Sandhill Rd, Northampton for the Northampton Borough Council. The three-storey block will have a gross floor space of 2,250 sq metres, comprising 41 one-bedroom single-person flats and a warden's flat. Construction will be of traditional load-bearing brick/block walls with a pitched roof and the contract is due for completion in January 1987. The client will be responsible for the architectural, quantity surveying and engineering services.

Al Wimpey Roads and Construction (Abu Dhabi) has been awarded a contract worth £1.52m for the construction and improvement of internal roads in two low-cost housing areas. The work includes service relocation, roads, car parking areas, footpaths and road improvement. The contract is due for completion in September.

★

HALLAMSHIRE CONSTRUCTION, recently sold by Burnett and Hallamshire through a management buy-out, has secured construction work amounting to £865,000 during May. Two contracts have been awarded by the Seaham Harbour Dock Company in the north-east for the erection of a storage and distribution warehouse and concrete paving to the quay within the harbour, both amounting to £300,000. Hallamshire has also secured a £565,000 contract from the Dee Corporation for a new supermarket in St Neot's, Cambridgeshire.

★

CAWBERRY, Cheam, has won a £1.5m contract to refurbish a block of flats on the Alton Estate, for the London Borough of Wandsworth. The company also has the contract for refurbishment work to St Mary's Hospital Medical School at Sussex Gardens. The work is worth £135,000.

TECHNOLOGY

DRG injects pace into the great paper chase

Mark Meredith on how the British company sees quicker production as the key to beating fierce competition

PRODUCING pressure-sensitive duplicating paper is a bit like handling eggs on a mass scale: one ill-considered step to boost production and you have an omelette.

At the DRG Transcript mill in Fife, Scotland management believe they have found a way round the technical problems to improve output and efficiency of their coated paper production. They say that a new process being installed as part of an £8.5m expansion programme will produce coated paper 30 per cent faster than other machinery in this highly competitive corner of the paper market.

Furthermore, according to Nick Jones, the production director who led the research project at the Fife plant into the new techniques, DRG should save between 50 and 60 per cent of its energy costs in the coating operation.

The improvements—all to be self-financing—were bold proposals put by local management to the group headquarters of DRG, the UK-based stationery and packaging group. The coated paper market has just been through a serious shake-out. Over the past four years heavy investment to meet expected buoyant demand led to an estimated 25 per cent over capacity in European coated paper manufacturing.

Some coated paper companies moved downstream—handling printing contracts as well—but DRG has decided to put further investment and its new manufacturing process behind its battle for market share.

DRG, which ranks sixth in European coated paper production, also had to measure its plans against the threat posed by big companies such as Wiggins Teape of the UK with a dominating one-third hold on the European market for coated paper. Big West German producers like Feldmuehler, Zander and Kohlers meanwhile have made an impact on the British coated paper market, absorbing an estimated quarter of the sales in the last two years.

The UK consumes about 65,000 tonnes of coated paper a year representing sales of around £100m according to industry estimates.

The industry has found to its intense relief that the paperless office has not materialised with the growth of automated business operations. In fact, the market for coated paper is growing at roughly 10 per cent annually. European sales now represents some 460,000 tonnes of paper a year. The use of computers has led to a boom in the type of continuously-fed forms which are the speciality of DRG.

"Within this growth market, and considering the recent overcapacity traumas and casualties, how were we to maintain profits, service markets and expand exports?" asks Mr Francis Harris, managing director at DRG Transscript.

"We decided we did not want a production-led, a technology-led or a market-led expansion. What we wanted was all of these at once."

Pressure - sensitive paper forms can be viewed as a sandwich. On the underside of the top sheet are millions of microcapsules. When a pencil, ball-point or typewriter hits the top-side, it ruptures the microcapsules which react with the absorbent clay top coating of the copy sheet below.

There can be several copy sheets in a form each with an undercoating of microcapsules passing the imprint on to the paper below.

DRG used technology bought in from Fuji, the Japanese photofilm company, when it began coated paper production in 1971. Using its own laboratories in Fife, the company has now evolved its own process.

The microcapsules have traditionally been natural polymers which are mixed with adhesive and spread on the paper in production. The problem has been that the egg-like qualities of the microcapsules have imposed production restraints. The rupture point of the capsules can vary and if production speed is increased this can lead to some of the capsules bursting.

DRG's research has produced synthetic microcapsules with constant characteristics enabling them to be applied much faster.

Almost as important, the capsules require less water in the coating process and therefore require less drying heat from DRG's gas fired steam plant. This greatly reduces the amount of space required in the production process. The company's new coating mill will be one-third of the size of the current Fife plant. It will be the smallest in the industry, according to DRG engineers.

The synthetic coatings materials are already in production but under conventional conditions at DRG. Market pressures are sufficiently fierce that improvements to the factory are having to be introduced while production is kept running. Major surgery will be carried out, working around the clock, during the plant's three-week annual summer holidays.

Paper-making machines installed in 1936 have been rebuilt to work at four times their original speed. "It has been a case of improving what is there. To produce a mill from scratch would cost in the order of £100m," says Mr Harris.

The new coating system which will double the 30,000 tonne capacity of the plant is due to be installed and operating in a year's time.

UK welders are shown the light

BY TONY FRANCE

THE UK Welding Institute has launched a two-year £750,000 project to encourage British industry to exploit the increased productivity and welded product quality offered by high-powered lasers, devices that can produce narrow beams of light so intense that they can melt metal.

As the nucleus of this move, a 10kW carbon dioxide laser capable of welding steel up to ¾ of an inch thick at 3 ft per minute (ten times faster than conventional arc welding) has been added to the Institute's laser laboratory.

Based at Abington, near Cambridge, the Institute claims it now has the most comprehensive range of lasers for materials processing anywhere in the world.

Its new machine was developed and built in the UK by the professional components division of Ferranti. It is a commercial version of a laser developed at the UK Atomic Energy Authority's Culham research laboratory, where the prototype remains the only other machine of this type in operation.

The Welding Institute purchased its laser with financial support from the UK Department of Trade and Industry. The machine will be used for research and development for engineering industries including shipbuilding, vehicle manufacture and process plant fabrication.

Weighing about 12 tons and occupying some 500 sq ft, it can be operated by one person.

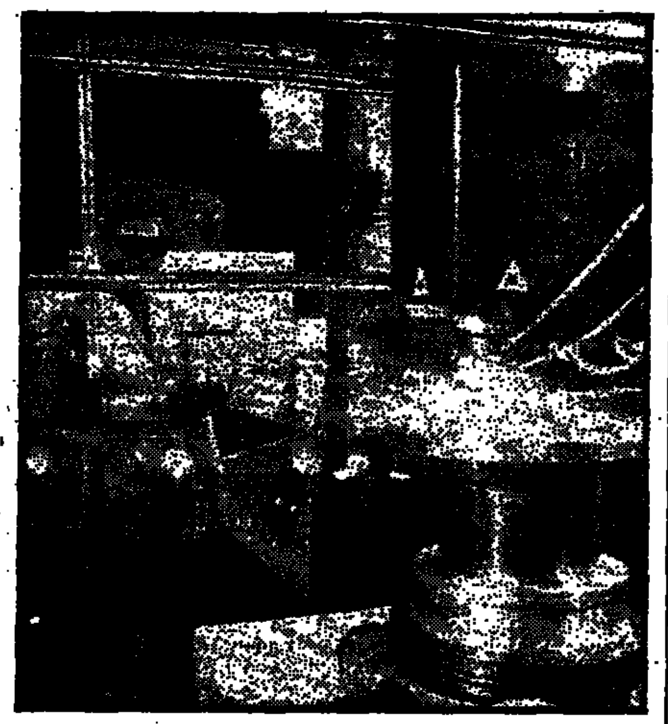
The Institute now has six lasers for welding and materials processing, the most powerful being the new 10 kW system. At the other end of the scale there is a 100 W machine, used for welding wires, of as little as 0.0005 in thick, in microelectronic circuits for computer and aerospace applications.

The Institute's initiative in the welding field has encouraged Eureka, the pan-European research programme established by 18 nations last year, to set up a carbon dioxide laser working group.

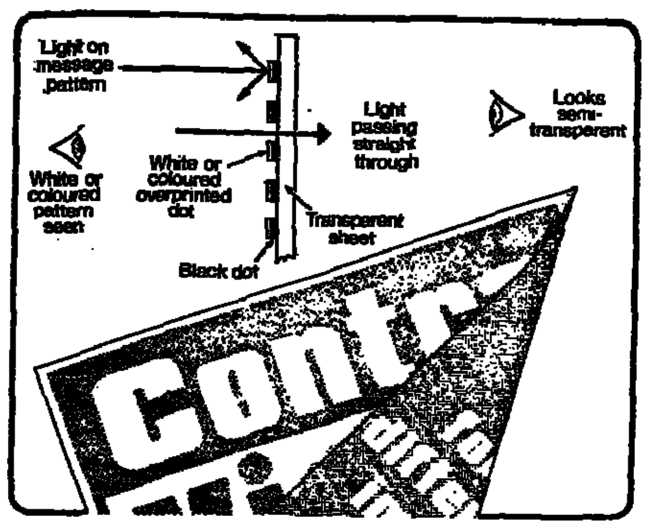
A major part of the group's efforts will be directed towards developing laser machines suitable for the factory of the future, starting with the design of a very high-powered carbon dioxide laser plant for materials processing.

The ultimate objective is to develop lasers with a power capability of up to 100 kW. These machines will be several times more powerful than current industrial carbon dioxide lasers, and are predicted to be capable of welding up to 4 inches thick steel at speeds similar to those of the Institute's new machine.

Eureka's proposed laser processing plant will include a computer controlled robot system suitable for welding, cutting, surfacing and other materials processing operations on components of up to 10 cubic ft in size. The work will be led by the UK Welding Institute.



An 18mm thick, 380mm diameter flange being laser welded at the Institute.



Making a display of spots before the eyes

CONTRA VISION is a means of accurately overprinting thousands of tiny dots on an otherwise transparent plastic sheet so that seen from one side the panel looks, for example, like a piece of smoked glass but from the other shows text and graphics in an advertising or information display.

This particular effect (there are others) is achieved if the first printing of dots is black over the whole surface and the message is then overprinted, in exact dot registration, in white or other colours. From one side, the black dots are the only ones seen and are small enough and sufficiently spaced to let some of the light through. This makes the panel seem like smoked glass. From the other side, the messages is visible on a similar semi-transparent background.

The relative lighting levels on each side of the panel affects the result. In the above case, low light on the black dot side and high light on the message side enhances the effect.

There are several possible variants. For example, there can be a message on both sides, or some areas can be completely opaque from either direction using solid areas of printing, or indeed completely transparent. Contravision is in Stockport, UK, on 061 439 9307.

WORTH WATCHING

Edited by Geoff Charlish

POLYIMIDE PLASTIC parts for use in mechanical, electrical and high temperature applications will be made in a new plant to be constructed by Du Pont de Nemours in Belgium.

Investment, employment and capacity figures have not been disclosed, but the plant, with on-site market support services, is expected to "substantially reduce development and delivery lead times" for new parts made in the Du Pont material which is called Vespel. Sales of Vespel are expected to double by 1990.

The material is noted for its very high temperature resistance (from −250 to +260 deg C) in continuous use.

POLYMER CONCRETE, a recent introduction in which a resin and hardener are mixed with aggregate to produce a substitute for materials like iron and steel, is finding favour with machine tool designers.

Engineers at Degussa, the German industrial company, recently demonstrated its use for the bases of milling and other cutting machines. It gives improved vibration damping, more rapid manufacture and greater design freedom. Degussa is in Frankfurt on 218 2860.

Japanese take simple view of chip making

DOUBLE PARTICLE bombardment of surfaces, using both ions (charged atoms) and electrons has been used by Hitachi and Toyohashi University of Japan in a new instrument that allows both viewing (using electrons) and fabrication (using ions) to be carried out at microscopic level.

An important part of the development is an emission source which is only one-hundredth the diameter of conventional sources. This tiny point, only 10 angstroms in diameter (an angstrom is one ten-billionth of a metre) produces a very fine beam so that, in electron microscope mode, the definition is very high.

In ion mode, the beam is used for equally high definition fabrication, usually of semiconductor "chips." The beam is switched between electrons and ions by switching the operating voltage from positive to negative. Thus, modern high density chip manufacture is possible at very small dimensions with alternate fabrication and inspection viewing.

FIBRE REINFORCED cylindrical aluminium components 330 mm in diameter and 300 mm high—among the largest fibre reinforced metal components yet made—have been produced at BNF Metals Technology Centre, Wantage, UK (02357 2992).

BNF has used a process that ensure complete metal penetration of the boron fibres and removal of gas inclusions, ending up with a shape very near to the final required dimensions, thus reducing machining and finishing processes.

Metal matrix composites are of increasing interest to engineers since the material can be "composed" to give specific properties of strength, stiffness, wear resistance, vibration damping and thermal resistance.

Texas Instruments

Still searching for more right answers

Louise Kehoe reports on the challenges facing the US electronics group

BIGGER always used to be better at Texas Instruments, the lone star giant of the US semiconductor industry. Since 1980, the Dallas-based electronics manufacturer has been aiming for target sales of $15bn by the end of the decade. But no more.

Growth is "no longer a top priority," TI's new president Jerry Junkins now says. Instead he aims first to steer TI back to profitability and then to steady an earnings pendulum that has swung wildly from record profits to record losses over the past three years.

Since his appointment a year ago, Junkin has injected a new brand of realism into Texas Instruments' proud culture. "If you look back at our history, we have probably tried to do too many things," says Junkins of the 55-year-old company he now heads. He advocates a "more focused approach" that will aim TI's strengths at selected sectors within the markets it serves and potentially open new opportunities for the company.

But Junkins' first task is to stem massive losses caused primarily by a dramatic downturn in the US semiconductor market and by increasing competition from Japanese chip makers. Last year, Texas Instruments' sales shrank 14 per cent to $4.9bn and the company reported losses of $119m, in sharp contrast to 1984's record profits of $316m.

In cost-cutting measures, Junkins reduced the company's workforce by nearly 10 per cent from over 86,000 to less than 77,000 worldwide last year. Two semiconductor plants and two computer operations were closed down.

The cuts addressed TI's immediate problems, but Junkins also undertook a broad rethink of TI's long term objectives. The soul searching went on for several months. "We took a very close inventory of TI. We looked at everything—at our management styles, at our personnel policies, our individual business strategies. We asked ourselves what we are and where we are going," says Pat Weber, executive vice president.

The results of TI's period of self-examination are beginning to emerge. For the most part, TI is pleased with itself. "There is not a damned thing wrong with our management systems," Weber asserts.

But Junkins has recognised the need for change in TI's approach to marketing. Like many US high-tech companies, TI is coming to terms with the fact that its businesses are becoming more service-oriented. Selling "solutions" rather than technology for its own sake is a key aspect of TI's strategy for the future but it represents a radical change for the company whose culture is steeped in the belief that superior technology will sell itself.

"There is a new emphasis across the corporation on strengthening our customer relationships. This will be a key to our long-term success," says Junkins. "We must and will be market-oriented. Profitability will only come as a result of identifying and satisfying the real needs of our customers."

Teamwork

Junkins plans to devote more resources to marketing and market development than TI has in the past. In semiconductors, for example, the company has redeployed about 40 per cent of its field sales engineers to focus full-time on customer support.

Close customer relationships pay off, Junkins asserts. He cites the example of Hewlett-Packard, a major chip customer. H-P has instituted "just-in-time" delivery schedules which demand that parts be shipped to the company as needed to support current production levels. "TI's orders from Hewlett-Packard in 1985 reflected the customer's true consumption and fell less than 5 per cent in a year when total US semiconductor industry orders dropped by approximately 40 per cent," says Junkins.

Such results have brought home to TI the potential benefits of the "teamwork" which he says has developed between H-P and TI. TI is now trying to initiate similar relationships with its own suppliers, as well as customers.

It has also opened its mind to forming alliances with other companies. "Because of our success in the past, I think there was a tendency to think we could do almost anything," Weber acknowledges.

TI had to learn the hard way that it is not perfect. In 1983, the company suffered huge losses and humiliation in the home computer market. Then last year its mainstay semiconductor business went deeply into the red. The experiences have taught TI a lot, its executives now claim.

One of the toughest lessons for TI has been learning that being number one in a market is not always the best position to be in. As the world's largest chip maker, until 1985, TI was determined to maintain its leadership position in "commodity" chips such as data storage devices.

While other US chip makers were steering towards proprietary, or original design, chips that afford higher profits, TI fought head on with Japanese manufacturers in the "commodity" sectors of the chip market.

Now TI is the only major US manufacturer of dynamic random access memories, the data storage devices used in every type of computer. Other US chip makers dropped out of the market last year as prices fell precipitously.

TI's determination to remain a force in the DRAM business is based upon its strongly held belief that DRAM technology "drives" the process technology that it needs to stay ahead in other chip products. But a significant portion of the company's 1985 losses is attributable to the drop in DRAM prices, the company has stated.

"It is not a question of how long we can afford to stay in the DRAM business," Junkins argues. "The real question is can we afford not to be in the DRAM business? We have concluded that we can't.

Jerry Junkins: aims to steady an earnings pendulum that has swung wildly from record profits to record losses

"If you choose to abandon the DRAM business altogether, then you will soon not be competitive in terms of high volume new production processes," Junkins stresses. Semiconductor manufacturers must have a "technology driver" he asserts. "If you don't, you regulate yourself to the position of a niche supplier and it will not be long before you are not a competitive supplier of any kind."

TI has, however, tempered its views on how it participates in the DRAM business. "We are prepared to accept a somewhat smaller share of the market provided that we can substitute higher profit products," says Junkins.

In an effort to stabilise its semiconductor earnings, TI plans to focus on four high-growth segments of the market. In the "semi-custom" sector, TI aims to increase its share of the market for chips tailored to individual customers' needs, one of the fastest growing sectors of the chip business.

In the microprocessor segment, where TI has lagged behind US competitors, the company will concentrate its energies upon "application processors," devices geared to special uses such as graphics and local area networks. Highly integrated standard logic chips designed to replace current generation logic chips will be another important product thrust, and TI will increase its focus upon the military chip market.

All are "differentiated" products that carry higher profit margins than the "commodity" chips which currently represent the bulk of TI's product line. Significantly, success in these sectors requires close appreciation of customers' requirements.

Some relief of TI's semiconductor problems is in sight. For the first time in 18 months US semiconductor orders moved upward in February, signalling the beginnings of a market recovery. But TI remains cautious. The shipment level will have to go up considerably before it has any significant effect, Junkins thinks.

But semiconductors are not TI's only problems. The oil exploration services business upon which TI was founded is also in a slump, and with oil prices heading downward there seems to be little scope for short term optimism.

Lacklustre

Last year Junkins cut the geophysical services operations costs by $50m, a move that industry analysts believe would not have been made as quickly under TI's former management regime. Former TI president Fred Bucy, and TI's long time chairman Mark Shepherd, both started their careers in the 1950s at Geophysical Services and held the division sacrosanct.

But Junkins appears to be ready and willing to deal with the geophysical division's problems. At TI's recent stockholders' meeting, he announced plans to cut costs in the division by a further $80m this year, thus raising questions about the future of the operation.

The new TI president has also been quick to act upon TI's lacklustre performance in the computer business where he significantly cut costs last year with factory closures and lay-offs. The data systems division turned in a modest profit in the first quarter of 1986 for the first time in over a year.

While cutting back in some sectors of TI's business, Junkins plans to put new emphasis and resources behind two development programmes that he believes will have broad long-term benefits for all of TI's businesses — artificial intelligence and factory automation.

TI has a major research and development programme under way in artificial intelligence. "This is an investment that will have a corporate-wide impact," says Junkins. Although TI will not say how much it is spending on AI research, the company is widely believed to have the largest private AI R&D programme in the world.

"We believe that AI will be a $3bn business by the early 1990s," says Junkins. Early applications of AI will be used in the US military where TI will be in a strong position to take advantage of an emerging market, he believes.

The real pay-offs for TI's investment in AI—its application in the commercial and consumer markets—are, however, some time off and TI has yet to demonstrate that it has identified real needs that can be fulfilled by this brand of technology.

While Junkins aims to create new business opportunities for TI in factory automation and artificial intelligence, he also sees important spin-off benefits for the company. "Artificial intelligence and industrial automation both have the potential of becoming important businesses to TI. But a significant, additional advantage will come from our ability to focus these skills, strengthen them and infuse them back into our core businesses."

Formidable challenges lie ahead for Texas Instruments, Junkins acknowledges. "We may not have all the answers but I believe we have made a good start," he says of his efforts to revamp corporate strategy. An all important question still facing Junkins is how to make TI more responsive to market changes. Restating the company's long term goals is an important step forward. Figuring out how to implement those changes will be an even more demanding challenge.

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Discharge of guarantee

FOR SOME years the bank has held my personal guarantee which relates to the family business.

The company has now ceased trading and is being wound down and is in substantial credit at the bank. I have asked for the guarantee to be discharged but at present the bank is refusing. It says that while it is personally satisfied, it could possibly face a claim for "preference" in the unlikely event of an unsatisfied creditor taking action against it.

In consequence, it will only agree to the discharge when it is satisfied that all creditors have been paid in full. Therefore it seems that unless I satisfy it as requested I could well be on a lifetime guarantee with a lot of money in the bank.

Is this attitude reasonable and enforceable and what would be the position if the account were closed and moved to another bank?

If you are not a creditor of the company there can be no question of a "fraudulent" preference. If you are a creditor you should require the bank to accept six months' notice to terminate your guarantee. The bank would not be justified in insisting on waiting until all creditors are paid in full in either of the above cases unless the express terms of the guarantee are framed so as to enable the bank to refuse to accept notice to terminate it. You could however be asked for an indemnity to cover the period of six months after actual termination.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Management abstracts

Disaster planning for computer operations. J. Balas and D. R. Brockman in CA Magazine (Canada), Aug 85 (4 pages).

Shows how businesses have become more and more dependent on their computers for managing essential operations, stressing that, if an interruption occurs with the data processing function, the whole business can face disaster; hence preventative measures *must* be taken to reduce the chance of disaster and a disaster recovery programme formulated. Suggests how this can be done, noting that telecommunications and essential consumables must also be protected, and that the disaster recovery plan must be maintained to cover equipment, procedure and staff changes. Warns of the danger of poaching resources from the plan to cover other activities.

Purchase business combinations—recognition of obligations. D. R. Beresford and A. H. Mackintosh in The CPA Journal (US), Aug 85 (5½ pages)

Considers the difficulties with obligations and liabilities acquired as a result of a takeover; summarises US accounting principles related to this area and discusses the factors which should be considered to decide whether an obligation should be recognised.

Commercial counterfeiting. J. Hunt in Chief Executive (UK), Oct 85 (3 pages)

Surveys the growth in counterfeit consumer and industrial goods (mainly from the Far East or South America, but increasingly from more industrialised countries), either as straight "fakes" or "look-alike" labels; looks at evidence of anti-counterfeit legislation in the US and elsewhere—particularly Taiwan and the rather cloudy UK situation—where counterfeiting is not a criminal offence.

Strategic global marketing. S. Jatusripitak + others in The Columbia Journal of World Business (US), Spring 85 (7 pages)

In the context of the consumer electronics industry, shows how the Japanese have been successful in global marketing by following two key strategies: (a) producing products aimed at selected market segments, (b) developing a global marketing network backed by the establishment of production facilities around the world.

Remedying salary inequalities. J. S. Emans + W. H. Seithel in Compensation and Benefits Review (US), Jul/Aug 85 (10 pages)

Demonstrates how to sort out inequalities through assessments based on three weighted factors: current job experience, related work experience, and current performance rating. Examines criteria for weighting each factor, and shows how the technique may be used to project salaries for non-standard ranges, and to determine starting salaries for new entrants.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p+p cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

THE ARTS

Television/Christopher Dunkley

A Very Particular Programme

Any series which opens each week with a signature tune sung by Elkie Brooks in that deliciously throaty voice starts with an unfair advantage. But the marvellous thing about *A Very Peculiar Practice* is that it does not need any such artificial aid: it is the funniest thing on television for a very long time.

For those who have yet to come across it there is a chance at 9.25 tonight when BBC2 transmits the fifth of seven episodes, this one largely about "One of the minor penalties extracted from us by the goddess Aphrodite" as Dr Jock McCannon puts it, or "Trouble with the trouser snake" as his young colleague Dr Buzzard says more coarsely.

It says much about the repetitive and uninventive nature of so much television comedy that, having described a series as funny, it becomes necessary to explain that it is not a sitcom. *A Very Peculiar Practice* was produced not by the BBC Light Entertainment department but by Ken Riddington in Series and Serials; its episodes last not 30 minutes but 50; there is no canned laughter; the plot is not about the domestic difficulties of incongruous cohabitors; and the cast has not been chosen because of its previous record in precisely similar productions.

Certainly *A Very Peculiar Practice* (hereafter *AVPP*) is concerned with contemporary life and mores, and the leading rôle—young Dr Stephen Daker—is taken by one of the biggest draws on television, Peter Davison. Having played both Dr Who and the young vet in *All Creatures Great And Small* Davison has a huge following including, no doubt, lots of children and nice old ladies.

That, presumably, is why the first episode of *AVPP* attracted 7.3m viewers; the initial disappointment, or perhaps bafflement, of many at discovering real barbed comedy instead of a gentle sitcom would explain why the audience shrank to 4.8m. The third episode, the most recent for which we have figures, attracted 5.5m. My guess is that word-of-mouth will keep enhancing that total and the series will end with an audience as big or bigger than that with which it began.

The point I wanted to make, however, was that Davison's is the biggest name in the cast and even he is not primarily a comedian. The humour, one might even call it wit, comes from the writing. In the past, author Andrew Davies, who teaches English at Warwick University, has been responsible for such adaptations as *To Serve Them All My Days* and *Diana*, and for the original series *Eleanor Marx* and *Fearless Frank* which were about Karl Marx's daughter and Frank Harris. Now, with *AVPP*, he has moved up at least one rung and produced a piece of work worthy of comparison with *Lucky Jim* or *The History Man*, though written directly for television.

The plot traces events at Lowlands University after Daker becomes the fourth doctor in the campus practice: the epidemic, the threatened cuts, the attempt to get money from a pharmaceutical company, the Vice Chancellor's efforts to flog off various bits to the Japanese. From the opening of the first episode it was clear that we were in the hands of a writer who was like us: he, too, has discovered that seeing your doctor depends upon getting past a receptionist who sees it as her job to guard the great man:

"I'm Stephen Daker," says the new arrival brightly.

"And?" says the receptionist, taking him for a patient.

"Well, here I am," says Daker less brightly.

"And?" says the receptionist.

To be fair, you might find such a well-deserved moment in a sitcom. What you would not find is Davies' wickedly recognisable picture of Thatcherite Britain in the eighties; a picture which seems to me to attain the same sort of vividness and vitality, accompanied by scathing social comment, as Dickens managed in his portrayals of 19th century England. Dickens, of course, was often angry whereas Davies' reaction more often suggests amused resignation. Each reaction is of its time.

True, Dickens' social canvas was broader (it was broader than virtually anything we ever see on television which is surprising, given the demotic nature of the modern medium and its penetration into 98 per cent of homes) but the work of Davies and Dickens is similar in other ways: both work episodically as demanded by their respective mass media, both work outwards from character into plot, both produce their general effects by close attention to the particular, and both prove to be at their strongest when working with caricature.

At the centre of *AVPP* are five people. First, played by Graham Crowden, there is Jock McCannon, dipsomaniac head of the practice, who keeps a picture of R. D. Laing on his wall. His period was presumably the sixties, when he published his magnum opus "Sexual Anxiety And The Common Cold." McCannon asks "If my life weren't a mess how could I empathise with my patients?" At heart he is a nice guy, but the university/medical rat-race has covered his liberalism with a nasty brittle gloss. He represents lost dreams: the failures of the white heat of technology and of flower power.

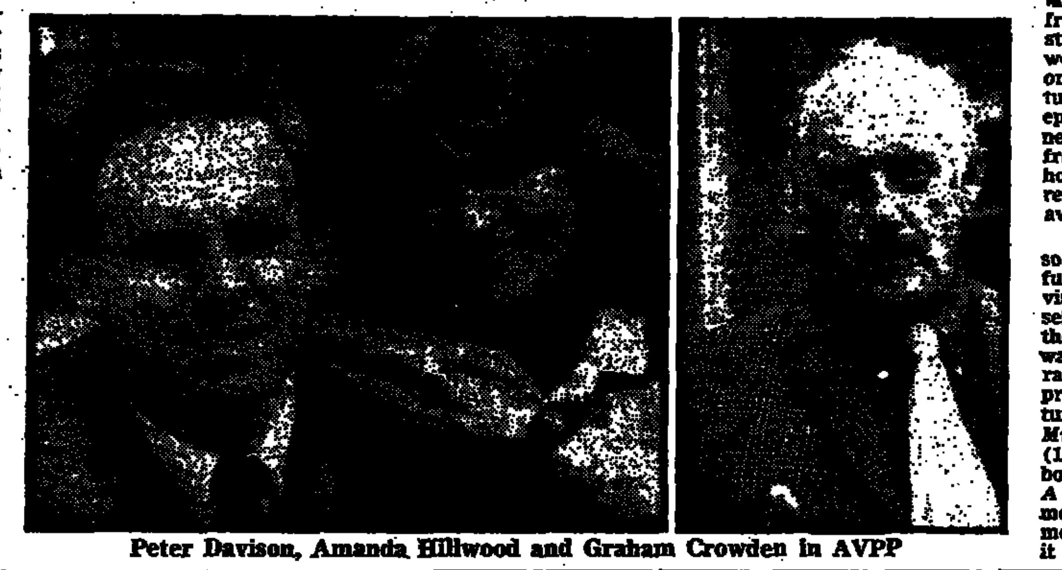
Bob Buzzard represents the unacceptable face of the new market philosophy. For Buzzard, played by David Troughton in an Austin Reed suit and a sneer, patients are simply a nuisance: he would rather be in pharmaceuticals. So he processes the sick on a computer, tries never to actually touch any of them, and schedules his appointments for three minute intervals. Buzzard's morning drive in the BMW with his two bespectacled sons on their way to their private school is appallingly funny.

In Bob's view there is nothing wrong with his colleague, Dr Rose-Marie, that wouldn't be cured by a good rogering. Rose-Marie is a bisexual feminist whose personal relationships and philosophy are governed by belief in a global conspiracy to do down women. As personified by Barbara Flynn she uses her sexuality like a mousetrap—both bait and weapon: the flash of thigh, the thrust of the bust, the suggestive smile, all designed to mesmerise the onlooker while something nasty is lined up to hit him (or her, of course) on the back of the head.

Then in front of this magnificently awful trio Davies places his Candide—Dr Daker—and his Cunegonde, Lyn Turtle. Lyn, as played by Amanda Hillwood, is arguably the cleverest of the creations in *AVPP* with her comprehensive school accent, her job with the police, her PhD in body language, her superiority at running and swimming, and her effortless ability to hack the system.

Around these five people, the campus—Britain—whirls or slouches towards Armageddon. Nuns pick over the garbage, Mrs Buzzard flicks sliced kiwi fruit on to her puddings, students are patronised by weary tutors and exploited by one another, and Timothy West turns in a glorious cameo, in an episode already seen, as the neurotic over-achiever. Men from the ministry arrive to see how money can be saved, how responsibility can be shifted away from the state.

Its saving grace is that, like so much of the series, it is funny. Far too rarely does television come up with a drama series which is really funny, though *Don't Forget To Write* was one (1977). Much too rarely do we see drama series providing clear critical pictures of modern society, though *Muck And Brass* was one (1982). Series which achieve both are virtually non-existent: *A Very Peculiar Practice* is a most rare and valuable phenomenon. It is no surprise to find it on BBC2.



Peter Davison, Amanda Hillwood and Graham Crowden in AVPP

New York City Ballet

Clement Crisp

Both New York City Ballet and its School of American Ballet have been in finest form recently. Performances by the company of such works as *Divertimento No. 15* and *La Valse*, and SAB's annual workshop programme at the Juilliard Theatre, reminded a viewer from the old world and the drearier dispensations of our national ballet, of how filled with energy and light New York dancing can be.

At the State Theatre there was little novelty, save the continuing novelty of magnificent dancing, but to see *Divertimento* with Maria Calegari, Kyra Nichols, Stephanie Saland, Darci Kistler, Lauren Hauser as Mozartian heroines quite as bewitching as Dorabella and Fiordiligi, and with Sean Lavery as a dashing Ferrando, is to see one of the great works of art of this century honoured in step and style.

There are few passages in ballet which seem to me to speak of the ability of dancing to define the aspirations of the human frame more felicitously than the sequence of theme and six variations which lies at the heart of *Divertimento No. 15*.

This programme also brought the debut of the promising young Nichol Hlinka in Merrill Ashley's created rôle in *Ballo della regina*. Darting through its cascade of steps, Miss Hlinka made a bright first attempt at this virtuoso showpiece, with Ib Andersen impeccable as her cavalier, and magisterial in ease: his dancing is now one of the exemplars of classic style in our age. It is performances and ballets of this quality that speak of the undiminished power of NYCB three years after Balanchine's death. And no less so the School of American Ballet workshop that I saw.

Mr Balanchine once said "Maybe I shall be remembered as a teacher," and the school knew all his attention as an essential nursery for everything he sought to do. This year's crop of aspirants at the Juilliard Theatre was impressively good. The programme was framed by two major pieces: Bournonville's *Konservatoriet* and Balanchine's *Cortège Hongrois*—his adaptation of part of *Raymonda*'s last act. What proved so impressive in Stanley Williams' staging of *Konservatoriet* was the lightness and fluency of the young artists' dancing, while in *Cortège Hongrois* there was a bold sense of national dance style (a fine flash and dash to Czardas rhythms) as well as an exhilarating clarity in the classic variations.

Of more than usual interest were the appearances of Heather Jurgenson and Allison Brown, Jerome Kipper and Ben Huys. Miss Jurgenson drifted with great charm through the new *Four Gnossiennes* that Peter Martins created for the occasion, wonderfully supported by Mr Huys, who has a preternaturally assured manner worthy of a premier danseur twice his age. Mr Kipper, very clean and sharp in step, and the vivid Miss Brown, dashed through a Czardas (among other items in the evening) with an irresistible youthful allure.

Young dancers also feature in Balanchine's *A Midsummer Night's Dream*, that marvel of succinct narrative — the tale fully told but with the most gossamer touch — and succinct dance. The SAB children appear as butterflies and beetles, scuttling with brightest purpose round the mature performers, and attendant upon Titania. In this role Darci Kistler, recently returned to dancing after injury leave, revealed why she is so treasured by the New York dance public. There is a freshness, an enchanting honesty about her dancing which wins every heart. With beautiful line, musicality, a controlled lyricism, she makes Titania the youngest of fairies, and she plays her scenes with Bottom (the delightful David Hay) and with Gen Horiuchi's bravura Oberon, with a delicious simplicity and directness.

The first of the season's novelties is *Quiet City*, in which Jerome Robbins uses Aaron Copland's brief orchestral interlude to show three white-clad youths appearing amid a group of dark-clad city dwellers. The piece is dedicated to the memory of Joseph Duell, whose death robbed City Ballet of one of its brightest hopes, and though it is well danced by Robert La Fosse and Peter Boal, it seems to me to be less than worthy as a memorial.

Happily the real identity of NYCB was reasserted in *La Valse* which followed. Suzanne Farrell was, as ever, an ideal interpreter. Drawn into the dislocated rhythms and swirling patterns that break to reveal the waiting figure of Death, Miss Farrell suggests both the intoxication and inevitability of her plight as she puts on the black jewels and gloves that seal her fate. It is a hypnotic performance in a hypnotic ballet, and it is touched at every moment with greatness. But this, of course, is a common place of evenings spent at New York City Ballet.

A Child of Our Time/Festival Hall

Andrew Clements

Performances that force a re-evaluation of an under-estimated work are, happily, familiar occasions. But performances that, for all their intrinsic excellence, suggest that a work might have been seriously over-praised before are quite rare.

The second Andre Previn Music Festival, organised by the Royal Philharmonic Orchestra, began on Sunday and the main work in the opening concert was Tippett's *A Child of Our Time*, with Previn conducting the RPO and the Brighton Festival Chorus, and—as reliable a quartet of British soloists as could be assembled—Sheila Armstrong, Felicity Palmer, Philip Langridge, John Shirley-Quirk. It was in every way a finely realised account, perhaps lacking only some dramatic bite in the choral sections and a willingness on Previn's part to render some of the textures as baldly as the music implies. His tendency to round off corners and polish rough edges made some passages just a little bland.

But what has never struck me so forcibly before, and I write as a fully paid-up Tippett admirer, is the awkwardness of much of the writing, its verbal hiccups and sheer failure to project a dramatic shape by means of music specifically tailored to do just that. Because of the subject matter and the circumstances of the first performance, it is still hard to separate the musical worth of the oratorio from its historical and political background.

Its success established Tippett as a uniquely distinctive creative voice; perhaps without such a public work he would have remained on the sidelines of British music for many more years. One is used also to making allowances for Tippett's very personal vision. But these are usually problems of dramatic conceit, moments when one's belief in the power of music to override the trivial demands of reality have to be unwavering.

In *A Child of Our Time*, however, the problems are those of musical credibility. The words consistently trip up the progress of the argument—and how dated and contrived many of its metaphors sound now—and the music does very little to make the dramatic scheme coherent. The moments of highest tension by no means correspond to the most intensely dramatic music, and the marrying of the lyrical shape to words is almost haphazard. These are personal reflections only, prompted by a performance that in many ways was faithful to the letter of the score; may be in different circumstances, it will again seem an uneven, but potentially magical and moving work.

Ivo Pogorelich/Barbican Hall

David Murray

Pogorelich has the sort of piano technique of which people say, "He can do anything he wants with it." Supposing that to be true, the question remains: why does he *want* to do these things with it? Last night he explored the extremes of a dynamic range, with very little between nerveless pianissimo and a truly vile clangour which set the piano itself to emitting protests—in, of all things, Schumann's *Etudes symphoniques*, which he played last month on the South Bank, and substituted this time for his announced main work (the Chopin Sonata no. 2). I don't think any strings actually snapped, but it was impossible to tell.

He had begun with Beethoven's "Für Elise," theatrically fined-down and rather limp. It presaged Pogorelich's chosen manner for the evening, which involved suppressing whole stretches of principal melody in favour of other things—most often the bass line, thunderously hammered. Thus the unlucky chorale-trio in Chopin's Third Scherzo, and also many of the Schumann variations: some of the audience may have thought he was playing some of the unfamiliar posthumous ones, but he was merely murdering the usual set. The violence of his assault on the finale beggared description.

The Chopin Scherzo contained some manic athletics but was chiefly remarkable for generating no dramatic tension whatever. The effect was achieved by fracturing the tempo in so many places that the whole piece came apart: perverse, and curiously boring. Similar treatment was visited upon the first movement of Beethoven's Sonata op. 90, where the prescribed *Lebhaftigkeit* did not survive Pogorelich's fitful Largo for every recurrence of the phrase with the octave-drop.

For some reason he also played the G minor "English" suite of Bach. The reason seemed to be a purely private interest in picking out the odd phrase, in the right hand and in the left alternately, in a stinging forte while keeping the rest fleet, elusive and indeterminate. The counterpoint suffered, of course, but the sound was original. For variety, Pogorelich turned the pair of Gavottes into character-pieces *à la* Rameau, brightly quaint. Unlike the Chopin/Schumann half of the programme, nothing in it was actually nasty.

Linie 1/Grips Theater Berlin

Ronald Holloway

It's been heading in this direction for some time in Berlin: a genuine musical revue of such quality and originality that *Linie 1* (Line 1) could easily become an institution for years to come and make Grips Theater Berlin recognised for its creative talent well beyond its immediate surroundings.

The musical revue has its tradition in Berlin; there have been many attempts to approach the inspirational richness of Brecht and Weill's collaborations and the high-water marks in *Kabarett* revue. The city this decade is as noted for its spreading youth culture, particularly in rock bands and alternative performing groups, as it was during the past for underground film-making and the neo-expressionist "Die Wilden." Now that promise of the recent past seems to be coming to fruition; *Linie 1* is the culmination of years of trial and experiment on the Berlin scene.

The charm of this musical revue, written by Volker Ludwig, the founder and director of the theatre, is that it mixes motifs from previous Grips productions (the runaway, the dreamer, the would-be pop singer) with socio-political cabaret-like sketches rooted in those same otherwise serious themes.

Linie 1 is the most travelled crosstown underground line in the city, particularly the route between Zoologischer Garten in the centre to Schlesisches Tor in Kreuzberg. Every burgher in this island metropolis ("Any direction you look points east, and that's why the sun never sets in this city!") seems to ride the U-Bahn route in the course of a busy day: Germans and Turks, punks and junkies, the working class and the theatre-goers, control employees, senior citizens, and everyone else.

Into this maelstrom of humanity wanders a naive young maiden in search of the Prince Charming she met and got pregnant by somewhere out in the provinces, a pop singer whose address (faked, naturally) was given as "Berlin-Kreuzberg." Her first encounter is with the tramps at "Bahnhof Zoo," followed by all the other sleazy and early-bird characters one finds around the main railroad station at the break of dawn. Since she has never ridden on the underground, she doesn't know the routines of city life, so she bumbles with her totebag into one queer situation after another in trying to find her way.

Linie 1 is a potpourri of metaphors, a medley of the human condition, a hymn to West Berlin in spite of urban aches and pains. "Alice" (Janette Rauch; she changes her name with each introduction) leaves the nocturnal railway station for the rush-hour U-Bahn ride with stoic passengers to get off at the end of the line in wild-and-woolly Kreuzberg. She's prey to the Berlin *demimonde*—but it's the crowd on *Linie 1* who eventually show her the way, so to speak, to a light at the end of the tunnel.

That is the shell of the production. At its heart is something else. When the girl descends the staircase at 6:14 am to begin her odyssey in a city far too challenging for her meagre experiences, she learns quickly by noting the heavier misfortunes of others, and comes to see her "Johnny" as a career-minded Elvis/Amadeus with nothing on his mind save himself.

The "No Ticket" rock-band splendidly provides the musical backbone by subtly bridging the scenes with a mournful saxophone and musical refrains to underscore the passage of life on a public transportation system. Word of mouth has made *Linie 1* one of the hottest stage attractions in town. In October, it's reported, Londoners will be seeing it in an English version.

Mark Wildman/Purcell Room

Richard Fairman

A group of rousing sea songs brought this recital to a hearty close. They caught the flavour of an evening in which the bass Mark Wildman had invariably been at his best in the outgoing songs of his programme, a generous selection in four languages.

Before that the most attractive item had been Finzi's *Let us Garlands Bring*. In these five songs to words by Shakespeare Finzi happily finds a memorable cut to his vocal lines and sure harmonic direction. One might regret the folksiness of "O Mistress Mine"; but the central song, "Fear no more the Heat o' the Sun," shows the composer touching unusual depths and knowing just when to place the wrench of harmonies in the piano's interlude.

By its final stanza the song reduces the singer to intoning a line of haunted, deadening phrases. Wildman and his pianist, Iain Ledingham, caught the empty effect of this passage well, though elsewhere they both had a tendency to push for volume or tension where none was due. Three songs by Duparc suffered especially from this: "Soupir" had little feeling of intimate grace and "Le Manoir de Rosemonde" was simply noisy.

One problem is that Wildman's sturdy voice lacks focus when he is singing quietly. But there was also a lack of detail where it counts: Schubert's "Im Frühling" came early in the programme, before the voice had found its centre, and dissipated interest with its unclear words, rarely lighting upon interesting modulations or shaping of lines. Songs which make broad effects, like "Erlkönig" or Ireland's "Sea Fever," fared much better.

The best singing came in Musorgsky's "Songs and Dances of Death." Here the strong and dark tone of Wildman's bass was heard to finest effect, able to fill out Musorgsky's grand lines with full force and seconded by Iain Ledingham's accompaniments.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Theatre

June 13-19

LONDON

Interpreters (Queen's): Love among the diplomats, according to Ronald Harwood has a superb role for the matchless Maggie Smith renewing a cross-cultural affair with Edward Fox in the shadow of a summit between The Soviet Union and Britain. Fluent direction by Peter Yates of the West End's best new play of the year. (734 1166).

Lennon (Astoria): A not too critical celebration of the life and music of John Lennon that is enjoyable especially for the musical resourcefulness of the cast and Mark McGann's Lennon look-and-sound-alike. (7344287).

Are You Lonesome Tonight? (Phoenix): More musical hagiography with Alan Bleasdale's Elvis Presley show using flashback and excellent live recreations of the rock and roll hits to explain how Martin Shaw's magnificently wrecked and flabby King in crushed velvet jumpsuit has reached this pretty pass. Exploitative, but not strictly for tourists. (8362294).

The Normal Heart (Albery): Tom "Amadeus" Hulce is playing the crusading hero of Larry Kramer's hysterical melodrama for a three-month season, as public concern over the Aids epidemic increases. (836 3878 credit cards (CC) 379 6565).

NETHERLANDS

Amsterdam, Bellevue. Théâtre Sapajou of Paris with Vermeer et Spinoza by Gilles Aillaud. (24 72 48).

Amsterdam, Sulkerhof Theatre (Prinsengracht 381). The Hall Family presents Old Time Music Hall, with songs to make you sing and jokes to make you weep (22 75 71).

NEW YORK

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

WASHINGTON

The Caine Mutiny Court Martial (Eisenhower): Charlton Heston and Ben Cross star in the military courtroom drama written by Herman Wouk. Ends July 6. Kennedy Center (2543670).

I'm Not Rappaport (Booth): In moving to Broadway, Herb Gardner's touching, funny and invigorating play about two oldsters retains its stars, Judd Hirsch and Cleavon Little, who almost conquer the world when they think they are just bickering with each other. (239 6200).

Loot (Music Box): John Tillinger directs this high-spirited revival of Joe Orton's 1966 macabre farce featuring Zoe Wanamaker as the homicidal nurse who romances a widower while burying his wife and conniving with their thieving son to hide the body. (239 6200)

CHICAGO

Orchards (Goodman): Seven American playwrights, including Michael Weller and John Guare, interpret Chekhov short stories for an inspired evening of performances by the Acting Company which made the commissions. Ends June 29. (443 3800)

Pump Boys and Dinettes (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (935 6100).

TOKYO

Kabuki: Matinee and evening performances include in their miscellany this month famous comedy piece Boshibari and Renjishi, spectacular Lion dance (matinee). The Sushiya, an act from the masterpiece Yoshitsune Sembonzakura, is the most interesting of the evening programmes. Excellent English notes and earphone commentary. Kabukiza, Higashi Ginza (541 3131).

Saleroom/Antony Thorncroft

Fair sale for ceramics

Sotheby's and Christie's have been cannily holding ceramic sales this week to take advantage of the dealers and collectors in town for the International Ceramics Fair which has just ended at the Dorchester Hotel.

Not surprisingly the top price at Sotheby's sale yesterday was the £25,300 paid by a German dealer for a rare Elleangen procelain snuff box made around 1758-59, the only two years in which this porcelain factory functioned. The estimate had been £8,000-£12,000, but, at the Fair, there had been a lecture on European porcelain snuff boxes of the 18th century by the expert Dr Barbara Beaucamp-Markowsky and she illustrated this particular box, a marvellous promotion for Sotheby's.

A Capodimonte silver mounted snuff box of 1750-55 sold to the dealer Winifred Williams for £12,650, double its estimate, and snuff boxes generally did very well. All told the auction of continental porcelain brought in £346,445, with a high 29.74 per cent unsold.

The major disappointment was a very important Faenza maiolica portrait vase of around 1480. It excited collectors because it is the only baluster vase with two portraits. It came from a private English collection but the high estimate of £22,000 deterred buyers and it was unsold at £15,000, although Sotheby's is still negotiating a private sale. Two Venice drug jars of around 1570 from the same collection did find a new home at £9,900.

A signed and dated silver mounted Raeren "Tullenkanne" of 1583 by Jan Emens did well at £15,180, and a Meissen plate of 1738-40 from the Swan Service by Kandler and Eberlein sold for £11,000. Meissen figures of birds from the de Pauw collection were in demand, exceeding forecasts, but there were no takers for "Hausmaler" wares.

Phillips held two good sales yesterday, 20th-century British pictures bringing in £333,380, with 22 per cent unsold, and furniture £332,560, with 14 per cent bought in. There were two artist records among the pictures—the £32,000 paid for "Ellas garden, Trewoote, Lamorna" by Samuel Lamorna Birch, which was exhibited at the Royal Academy in 1938, and £12,000 for a watercolour by Elizabeth Stanhope Forbes, "Picking a posy above Newlyn."

Top price was the £40,000 paid for "Showers at Ascot" by Dame Laura Knight (top estimate £15,000), while "The Bois de Boulogne" by the Irish artist Sir Robert Ponsonby Staples also far exceeded its estimate at £38,000. The major disappointments were the painting by Harold Harvey who has been much in demand in recent months: some major works by him attracted little interest.

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BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
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Telephone: 01-248 8000

Wednesday June 18 1986

Privatisation dilemmas

THE Thatcher Government must be looking back almost with nostalgia to the comparatively smooth sequence of privatisation which cuminated in the sale of British Telecome in 1984. Since then, denationalisation has seemed an uphill task. Mr George Younger, the Defence Secretary, yesterday announced the indefinite postponement of the privatisation of Royal Ordnance, the state arms and munitions company, which had been scheduled for sale in July. The last-minute change of heart follows the shelving of plans to float British Airways, pending renegotiation of the Bermuda Two air agreement, and worries about the feasbility of privatising the regional water authorities before the next election.

It is not a coincidence that the Government has experienced difficulties with the privatisation of such apparently disparate assets as an arline, regional water authorities and a munitions company. The common—and troubling—factor is that heavy government involvement in these businesses is inevitable whether or not they remain in state hands. None can be floated like, say, Jaguar Cars or Amersham International, and then be happily left to maximise profits in a normal competitive market. Post-privatisation, the profits of British Airways, the water authorities and Royal Ordnance would be strongly influenced by government policy.

Commercial principles

The conflicts of interest involved in the sale of Royal Ordnance were especially acute. Indeed, in its efforts to make the company attractive to lukewarm City institutions, the Government violated its own principles of efficient defence procurement. Vickers, a private sector competitor of the state-owned munitions group, was not invited to bid for a £100m order for Challenger tanks in spite of the rhetoric about the importance of competitive tendering. The problem, of course, was that, without the Challenger order, Royal Ordnance would have been a much less enticing prospect

A second conflict arose over the level of spare or surplus capacity the company would have needed to maintain once privatised. If Royal Ordnance operated on strictly commercial principles, it would shed all capacity not required to meet forseeable demand. In military terms, however, it is thought desirable that the UK should have a strategic surplus capacity in arms and munitions manufacture—an ability to increase output rapidly if required by some emergency such as the Falklands War. The Ministry of Defence baulked at giving Royal Ordnance a direct subsidy to maintain strategic but uneconomic capacity but would probably have agreed to purchase all its explosives from the company for at least four years—possibly seven. Such a monopoly concession would have violated the principle of purchasing from the least-cost supplier.

Profit record

The planning of the privatisation of Royal Ordnance was clearly at fault. It is extraordinary, for example, that the Government came so close to writing a prospectus for a company which had no track record of any sort as a commercial concern. The group became a public limited company 18 months ago but, despite the complaints of the Public Accounts Committee, the MoD was unwilling to publish even an opening balance sheet for the business. City institutions have had no opportunity to gauge its profitability because no results have been published. If the Government had decided to press ahead with privatisation, the Stock Exchange, which normally requires a five-year profit record for a full listing, could have justifiably protested.

Mr Younger was right to call off the flotation at this late stage. However, the change of mind was probably motivated more by fear of a flop in the run-up to the much more important privatisation of British Gas in the autumn than by concern that sound procurement principles were being flouted. The set-back with Royal Ordnance gives the Government another opportunity to think about the objectives of privatisation. To date it has been excessively concerned with the maximisation of sale receipts and by an ideological desire to transfer ownership; in the future it should put more emphasis on improving economic efficiency and on the liberalisation of markets. It is not too late to reconsider ways of selling British Gas which inject more competition into the UK energy market.

Spain's divided opposition

THE CAMPAIGN for Spain's general election on Sunday has been almost devoid of issues. Instead it has focused on the personalities of the party leaders and has been unnecessarily full of sharp-tongued mud-slinging.

Though unfortunate, this sort of campaign is a direct result of the Socialist Party's powerful position, the continued appeal of its leader, Mr Felipe Gonzalez, even after nearly four years in office, and the fragmented state of the opposition.

Mr Gonzalez won the 1982 election on a landslide vote that drew considerable support from voters who were not socialists but who felt that he and his Socialist Party represented the only viable option after the centrist UCD had been broken up by internal squabbling. Since then he has presided over a government whose policies have been social democrat, and even conservative, in complexion, rather than socialist.

Perhaps learning a lesson from the last socialist government in France, he was pragmatic from the start, not doctrinaire. As a result Mr Gonzalez has provided a commendable sense of stability which in turn has helped consolidate democracy.

Loose coalition

On the basis of this undeniable achievement, he is going to the country for another term of office; and he will be hard to beat in this fourth general election since Franco's death.

The left holds out few attractions, with a Communist Party split into two separate groupings and a waning enthusiasm for the spirit of Euro-communism. The principal threat to Mr Gonzalez comes from those parties competing with him for the middle-of-the-road voter.

The right wing Coalicion Popular, headed by Mr Manuel Fraga, is the main opposition group in parliament. But during the past four years it has never developed beyond a loose coalition, very much tied to the personality of Mr Fraga, benefiting from his energy and parliamentary skills, yet limited by his intemperate outbursts and his identification with the former regime as a one-time Franco minister.

Two other parties are out to capture the centre vote and build themselves on the ruins of UCD, including one led by the former Prime Minister Mr Adolfo Suarez. However, the credibility of these two parties is undermined by their competing more against each other than against the Socialists in power.

The Government is open to challenge, and indeed seems to be escaping with an easy ride. It could be attacked for having failed to deliver on a rash electoral promise to create 800,000 new jobs. It could be questioned on its plans to reflate the economy now recession has bottomed out. Mr Gonzalez could also be criticised for his volte face over Nato membership, beginning his term of office by favouring withdrawal from the alliance and then supporting the status quo in a referendum.

Adjustment problems

These issues have been passed over in favour of a crude campaign to denigrate Mr Gonzalez, whose lieutenants have replied in kind. Even though the latest opinion polls indicate Mr Gonzalez might lose his absolute majority, the opposition still does not carry much conviction that it can defeat him. Rather it hopes to clip his wings during a second term by reducing his majority.

In the longer term Spanish politics will be healthier if there is a credible non-socialist alternative offering a coherent set of policies. Mr Gonzalez has captured the middle ground most effectively, but the Socialist Party certainly does not have all the answers to the difficult adjustment problems which the country faces over the next few years. If Sunday's election contributes to a realignment among the non-Socialist parties leading to a more effective opposition, this will be good for Spanish democracy.

UK MERCHANT BANKING

Morgan takes a flyer

By David Lascelles, Banking Correspondent

Christopher Reeves: "Merchant banking is all about innovation"

NOT FOR nothing is Mr Christopher Reeves, the chief executive of Morgan Grenfell merchant bank, sometimes referred to in the City of London as "Superman." Apart from sharing the name of the actor who portrays the caped hero, his bank's rate of growth has sometimes seemed to defy gravity.

Almost anywhere you look in the world of high finance in the UK these days, the men from Morgan are doing eye-catching deals, such as organising Guinness's record £2.6bn bid for Distillers, managing large bond issues, or pursuing novel, even daring techniques.

Although this high profile has not always made Morgan popular—its aggressive role in takeovers is felt by some to have undermined the UK's takeover panel—its name is at or near the top of most City league tables. Morgan's list of achievements over the last year or two is so long that it might almost be boring, did it not inspire feelings of either deep respect or intense jealousy in its many competitors. Yet behind the image that Morgan has created for itself, there lies, as one might expect, a somewhat different reality.

For one thing, Mr Reeves cannot fly. Aged 50, he wears grey suits and is an uncharismatic man who has made Morgan what it is less through superhuman force than a well-developed ability to spot and harness human talent.

And Morgan itself is in a state of flux as it adjusts to the changes around it, notably the Big Bang which is reshaping

New shareholders will look for more profit growth

the City markets, and the much bigger bang in the world capital markets beyond.

In fact, Morgan's recent decision to seek a listing on the Stock Exchange in order to tap the public for capital for the first time may well be a turning point in its development. It should transform Morgan from a small (by world standards) merchant bank relying largely on fees earned by talented individuals, into a big, capital-intensive investment banking institution. Properly handled, this change should fit Morgan to take on some of the biggest banking names in the world, though it will also produce all sorts of cultural and financial strains.

Morgan's metamorphosis is typical of the choice that now faces many merchant or investment banks on both sides of the Atlantic—whether to join the big league, even at the expense of going public, or to opt for a quieter life as a "niche player."

It is no coincidence that Morgan's near-US namesake, Morgan Stanley, also turned to the New York Stock Exchange in March for the first time to raise $275m, believing that it had to be big to survive. A few weeks later, Mercury International Group, Morgan's greatest rival on the London market, made its first ever public borrowing: $200m on the Euromarkets.

At the moment, Morgan has about £300m in capital (the exact figures will be revealed in a prospectus in the next few days). The new shares will raise another £150m. After that, Morgan will also turn to the Euro-markets to borrow a further $200m. By the end of this year, the group should have almost doubled its capital to close on £600m, a figure which begins to count on the world scene.

As Mr Reeves puts it, the choice was clear for Morgan Grenfell. "You need to be a certain size, or you are a boutique. We have said we do not want to be a boutique."

In reality, Morgan was slower to face up to necessary changes than its major UK competitors, possibly because the corporate finance tradition was so ingrained.

It made only a half-hearted commitment to the new opportunities created in the securities markets by the Big Bang by buying a small jobbing firm, Pinchin Denny, and a stock-broker, Pember & Boyle which specialised in gilts. As a result it had no ready-made equities business in either the UK or foreign markets to match Mercury or Kleinwort Benson, which have gained a big lead.

Because of this strategic blunder, Morgan had to hire two leading international stock-brokers, Mr Geoffrey Collier and Mr John Holmes, last year to start a worldwide equity business virtually from scratch, and for which it is only now—four months before the Big Bang in October — raising the capital support.

After a sticky start, Messrs Collier and Holmes are now making money, dealing in international equities. But they still have to hire a lot of salesmen, analysts and dealers, and plan securities branches for New York and Tokyo. In London, they have set themselves the ambitious goal of winning 5 per cent of the equity dealing market. "It's easier for new-comers to come in at a time of change," says Mr Holmes.

Some of the new capital will go into Morgan's banking arm to keep a solid base for the group at a time when these new ventures are likely to produce less predictable earnings. Some will also be used in the corporate finance business where buying shares in target companies to advance takeover battles, or arranging "bought deals" are now standard practice among the heavy hitters.

In many ways, identifying the areas of the bank that need more capital is the easy part. Much more difficult for Mr Reeves and his colleagues in Great Winchester Street will be to ensure that Morgan does not lose its magic touch as it becomes a big public company.

Not that the chance will be sudden. Morgan has been growing steadily for some years. Many people there remember the days when it employed only 200 people and was the same size as Lazards.

Today, Morgan employs 2,000 people and is already twice the size of Lazards with offices scattered round the world. Though Morgan is only now going public, it already has 35 institutional shareholders whom it has previously tapped for new capital by issuing shares which are privately traded.

The army of new shareholders expected to pile into the new issue will be looking to Morgan to extend its recent profit growth (over 25 per cent a year since 1981). But the bank's increasing dependence on profits from volatile securities markets and a takeover boom which may already have peaked, could raise doubts in more sceptical investors' minds.

As a fleet-footed merchant bank, Morgan has usually been able to find new sources of profit as old ones dried up. In the early 1970s it was trade finance, then project finance. Next came the boom in asset management, particularly in the US where Morgan has made a speciality of managing the foreign portion of US pension funds. Most recently there has been the mergers and acquisitions business where Morgan last year handled transactions totalling £75bn, and had already clocked up another £9bn worth by the end of May.

"It will take a brave man to predict what will be the next growth business," said Mr Reeves. "But if it is securities, we shall be well-placed." The commitment, he admits, will be modest and the likely returns only "adequate." But he argues that Morgan's overheads will be lower than competitors' who have bought large stockbroking firms.

If Morgan does hold top place, it will be thanks largely to the relentless drive to dream up something new in corporate finance—even if this means offending the City's canons. "Merchant banking is all about innovation," said Mr Reeves. "We have to move on because the moment we open up a new business, others who are much larger than us rush in behind. Innovation is the only response to competition, and competition will always be with us."

In the classic case in March, Morgan's hard-driving take-over team was rapped by the Bank of England for buying in large quantities of Distillers shares to aid Guinness' bid. Although Morgan was not taking any risk (all the profit or loss on the purchases would be borne by Guinness), the Bank considered the tactics imprudent and limited them.

With breath-taking audacity, Morgan meerly put together a club of other banks to buy them on its behalf. "Some say we got round the rules. I think we innovated," said Mr Reeves. "Clients want to deal with people with original ideas, so new rules have to be created. We must not believe that rules are written in tablets of stone."

The innovative spirit at Morgan is fed by management's constant quest for talent, and, no doubt, keen internal rivalry. "I don't go round sticking pins into people to get them going," said Mr Reeves, who holds a weekly meeting with his top executives just to talk about people. "We encourage them, give them personal motivation and satisfaction. They naturally come out ahead of the pack. Why employ talented people if you don't give them difficult decisions?"

While Morgan rewards its people well, it does not have to be a top payer because of its reputation. It has also managed to hold on to its best staff despite the fabulous sums that are reputed to have been offered to tempt them away. Whether the listing will be the event that finally splits up the Morgan team is a question that intrigues competitors.

According to one theory, the more enterprising staff (most of whom own shares in the bank), may choose this moment to cash in their chips and set out on their own, particularly if they see Morgan becoming a large, impersonal trading machine. On the other hand, why quit just as Morgan is acquiring the ammunition to become a bigger gun in the business? In fact, one of Morgan's deeper motives for seeking outside capital may be precisely that—to induce staff to stay.

A public listing will mean an end to much of the privacy it has enjoyed, and a growing vulnerability to the possibly unwelcome attentions of others. The prospectus will, for the first time, show Morgan's true earnings as well as the size of

An end to the privacy enjoyed in the past

its secret inner reserves (which are not expected to be startlingly large, about £20m). Its finances will be picked apart by stock analysts, which means Mr Reeves will have to spend more of his time on essentially unproductive investor relations work.

The listing would probably not have gone ahead at all but for the large block of shares (24 per cent) owned by Willis Faber, the insurance broking company, which offers Morgan a degree of protection against raiders. Willis will maintain its stake around this level, which earned it a £12m share of Morgan's profits last year.

Mr David Palmer, Willis's chairman, said: "Anyone who sees us as an easy way into them would be optimistic. We have no present intention of disposing of our holding." Morgan's own staff own 15 per cent, and Deutsche Bank, another ally, owns 5 per cent, meaning that nearly half of Morgan's stock is in friendly hands. But if Morgan continues to thrive, the possibility that someone somewhere will make them an offer they cannot refuse is not unthinkable.

KEY FIGURES

	1981 £000s	1982 £000s	1983 £000s	1984 £000s	1985 £000s
Issued share capital	44,427	44,554	55,317	65,164	70,560
Disclosed reserves	35,939	56,868	60,209	108,341	141,604
Shareholders' funds	80,366	101,422	115,526	173,505	212,164
Loan capital	35,253	35,388	35,834	70,107	57,392
Capital resources	115,619	136,810	151,360	243,612	269,556
Total assets	2,126,426	2,598,813	3,160,790	3,941,198	4,027,271
Profit before taxation*	16,034	20,143	27,671	38,844	54,527

* After transfer to inner reserves

Men and Matters

GKN's Roberts to head Simon

It was not so long ago that the top executives of the big engineering group, Guest Keen and Nettlefolds, more than had their hands full dealing with their own problems.

Since 1979, the group has got out of its original businesses—steel and nuts and bolts—and has restructured most of the rest. Roy Roberts, managing director, has been intimately involved with all of the changes. He was a participant in the so-called major-generals' revolt in 1977 in which four executive directors, fearing for the group's future, wrenched effective management control from a large and unwieldy board.

Today, GKN is back on a healthy growth pattern and Roberts, 57, who was awarded a CBE in last week's birthday honours, obviously now has the time to offer his insights to others while still keeping his hand on the tiller. Earlier this year, he became non-executive deputy chairman of arospace components and mining equipment group, Dowty, and yesterday he emerged as the non-executive deputy chairman and chairman elect of process plant contractor Simon Engineering.

Roberts points out that he is also looking ahead to 1989 when he will have to retire from GKN and will thus have more time to devote to Simon. He insists though, that this is no rescue job. Simon is in good shape, and Roberts would not have been interested in the job if it had been in trouble and needed major surgery. I have had enough of that sorting my own company out."

"They was telling us at school that if we don't learn no foreign language we'll never get no job in future"

Body-building

A chair with only three legs is neither a secure nor a comfortable perch for the sort of eminent person Jurek Piasecki is seeking to place at the head of Goldsmiths Group, the troubled jewellery, hotels and insurance company.

The situation is even less happy when one of the existing legs—the insurance business—has recently undergone major carpentry.

While Piasecki, chairman and chief executive, seems cool enough, he is urgently seeking a "respectable" non-executive chairman to help build confidence in the company. "The City believes we have to prove something," he said as the group disclosed halved profits for the year to the end of February. "I hope we can do it this year."

Piasecki, who started life selling Leyland trucks, believes that recent repairs in the insurance division—for which the group paid about £3m to former chairman Tony Gover—should be effective. When Gover quietly left the boardroom last December to pursue his private ends in Southend, management and operation of the high-risk motor insurance business were hived off to Swinton Services, one of the leading independent specialists.

"We have de-risked it," Piasecki claimed. Overall control and the freeholds and leases on the Gover premises remain with Goldsmiths, but he declared himself quite prepared to amputate the leg if the operation does not live up to expectations.

Meanwhile, he is looking hard for a fourth limb which will match the group's profile as a specialist retailer in jewellery, financial services and leisure. Like the hotels business, bought from Saga Holidays last year, he wants something which will counter-balance the successful jewellery business's dependence on Christmas sales. A joint venture in perfumery has been mothballed.

The new chairman is elusive for the moment, although Piasecki's specification does not seem all that exacting. "We want someone who people will believe when he opens his mouth," he said.

No pause

Punctuation problems for Kleinwort, Benson — the merchant bank is having to go through a considerable legal rigmarole in Guernsey to carry out a group policy decision to drop the comma from its name and become simply Kleinwort Benson.

A spokesman for the bank's Guernsey subsidiary explained that, in other areas, it was only necessary for shareholders to pass a resolution and register the new, comma-less name with the authorities, but in Guernsey the change had to be approved by the Royal Court with the public being given a chance to object.

The bank has thus had to place five separate notices in the island's Gazette Officielle, announcing that the Royal Court is to be petitioned tomorrow to confirm the dropping of the comma from Kleinwort, Benson (Guernsey), Kleinwort, Benson (Guernsey) Fund Managers, Kleinwort, Benson (Guernsey) Unit Trust, Kleinwort, Benson Gilt Fund Managers, and Kleinwort, Benson (Guernsey) Trustees.

No Guernsey grammarian is expected to oppose the petitions — but as the wary spokesman said, "you never know."

Back to Gorky

Simultaneous press conferences in London, New York and other western capitals all testified to the determination and courage of Yelena Bonner, wife of the Soviet physicist Andrei Sakharov.

While Mrs Bonner was convalescing in the Virgin Islands from open heart surgery she wrote a 100,000-word memoir of life in internal exile in Russia's closed city of Gorky.

The book will be published in October by Collins Harvill, an arm of publisher William Collins, which has a special taste for Russian dissident literature.

Collins Harvill's man, Christopher Maclehose, says: "It is not a polemical work but extremely personal and the more interesting for that." The memoir describes the Sakharovs' oppressive life in Gorky and how they are cut off from family and friends and barred from ordinary contact with their neighbours. The final pages were composed during Mrs Bonner's last days in America as she contemplated her bleak future in Gorky.

In the US the book will be published by Alfred Knopf and it will also be published in French, German, Italian and the main Scandinavian languages.

Boiling over

A space on a Yorkshire restaurant menu was headed "The Chef's Special." Below it, someone had pencilled in: "Perhaps he is, but his food is b— awful."

Observer

FRENCH TELEVISION

A new political row looms into view

By Paul Betts

PASSIONS ARE running high in the excitable world of French television these days. "What happens in Dallas or Dynasty pales by comparison to what is happening inside our networks," says a producer of TF-1, France's oldest and largest state television network which is shortly to become the first public television chain to be privatised.

The privatisation of TF-1 is the centrepiece of the French conservative government's controversial bill to reform broadcasting and so start a process of deregulation of telecommunications in France. Officially known by the pompous name of "project for the freedom of communication" the reform is intended to underline the liberal commitment of the government and of its new culture and communications minister, Mr Francois Leotard, one of the young stars of the new right in France. It includes the creation of a powerful new independent broadcasting commission, the cancellation and redistribution of concessions granted by the previous Socialist government to operate commercial television and direct broadcasting by satellite channels; and the opening up to competition of cable networks and the market for value added telecommunications services like business communication networks and videophones.

The reform has already provoked a political storm. President Francois Mitterrand has "deplored" the proposals. The Socialists, who started the deregulation of broadcasting, are fiercely opposing privatisation.

Last week opponents of the scheme staged a protest with show business stars and left-wing political leaders in Paris. The broadcasting unions have called a strike in the three state networks on Friday — a date chosen to avoid clashing with world cup soccer matches. With opinion polls showing that most people oppose privatisation of TF-1, the Socialists hope to turn the television controversy into the kind of humiliating political defeat for the right as they themselves suffered over efforts to reform education in France.

The business community is also in a state of agitation over the broadcasting reforms. Major private groups have been manoeuvring to gain a strong foothold in privatised television. Bouygues, the leading French construction group, Moet-Hennessy, the champagne and cognac house, the right-wing publishing group of Mr Robert Hersant, owner of Le Figaro, Hachette, the biggest French publishing group, and Sir James Goldsmith are among leading candidates for a piece of the action. The Luxembourg-based Compagnie Luxembourgeoise de Telediffusion (CLT), whose French television ambitions were repeatedly frustrated by the Socialists, is also vying for control of a French network. Most intend to broadcast the familiar commercial mix of feature films, soap operas and variety shows.

But other business groups are alarmed that commercial television licences granted to them by the Socialists will be cancelled and given to rivals carrying greater favour with the conservative government.

The most vulnerable is Mr Jerome Seydoux, the head of the Chargeurs transport group and a member of the Schlumberger family. Mr Seydoux in partnership with Mr Silvio Belusconi, the Italian television entrepreneur, won the licence to operate France's first private commercial nationwide network —the Fifth Channel—by the Socialist government. This provoked a furious reaction from the right, which pledged to withdraw Mr Seydoux's licence if returned to power. Mr Seydoux is threatening to sue the government for "billions of francs" if the concession is taken from him.

Mr Seydoux also risks losing his participation in two DBS channels. Just before the March elections, the Socialists granted two satellite channels to a European consortium including Mr Seydoux, Mr Berlusconi, Mr Robert Maxwell, publisher of Mirror Group Newspapers, and the West German Kirsch film production group. The government intends to cancel the satellite concessions and renegotiate the price of the channels.

In its election manifesto, the right said it would privatise two of the three state channels. But after weeks of wrangling, the government opted for privatisation of only one channel and picked as a compromise TF-1, the biggest.

Cynics say the government chose TF-1 because it was the channel closest to the Socialists. They also suggest the government was anxious "to clean out the system" of left-wing influences, at a time of difficult cohabitation between a left-wing president and a right-wing government and with presidential elections due by 1988. The right earlier accused the Socialists of setting up new private networks in friendly hands.

Mr Leotard defends his reform as a modernisation and liberalisation of French broadcasting. His proposals will split French broadcasting into a strong private sector including TF-1, the Fifth Channel, the TV6 music channel and the Canal Plus pay television chain competing against a public sector including Antenne-2 and the FR-3 regional network whose future will be reviewed in coming months. The government said the French television advertising market would be unable to support too many new private networks and thus chose to privatise an existing state channel.

The reform is to go through Parliament — where the right has a majority of three — by the end of July. Its main aspects are:

● Privatisation of TF-1. The government plans to offer 50 per cent of the capital of the privatised network to a private operator. Another 10 per cent will be offered to employees and the rest to the public. The sale is likely to fetch FFr 3bn to FFr 4bn.

● The new broadcasting commission. Modelled on the US Federal Communications Commission (FCC), this independent watchdog for French broadcasting is to be called Commission National des Communications et Libertes (CNCL). It will replace the authority established by the Socialist government and have wider powers.

The new authority will name the heads of the state networks and reallocate the private television concessions. It will also regulate programming (the privatised TF-1, for example, will still have to show religious programmes on Sunday) and ensure that French culture and film making are promoted. It will have overall responsibility for allocating airwaves, taking over this task from the Telediffusion de France (TDF)—the broadcasting agency which will remain in state control but which will be partly privatised. It will also grant DBS concessions.

Its authority will extend to the telecommunications sector and cable television, where the new government is adopting a more pragmatic and less ambitious approach than its predecessor. The orginal French cable plan was conceived as a monopoly of the French telecommunications authority, the Direction Generale de Telecommunications (DGT). However, the DGT will no longer have the absolute monopoly on cable networks which will be open for bids from private operators.

The conservative government and Mr Leotard are playing for high stakes with the broadcasting reform. The socialists and opponents of the privatisation of TF-1 are now orchestrating a major protest movement which they hope will discredit the government. However, it seems unlikely that the issue will develop into a full-blown nationwide public controversy like the education issue. The main question for French viewers is whether the standard of French television will improve or not. But if the standard falls in coming months, and the politicans, the broadcasting community and business interests become embroiled in an increasingly unsavoury and squalid row, the reform could backfire badly on the government.

TF-1 The first channel, oldest and largest of the three state-owned networks and candidate for privatisation. Although it loses money—FFr 160m last year — the government expects the network to fetch FFr 3bn. Traditionally the flagship of French public service television, it has recovered from poor viewing figures to top the ratings again.

Antenne 2 The second channel, surprisingly being retained in the state sector rather than TF-1. Profitable and long regarded as best and most professional state network, although a major shake-up during the Socialist government damaged its image and morale. Struggling to regain its top ratings position from TF-1.

FR-3 Third state channel, a network controlling regional stations carrying local news and programmes. To remain under state control, but a review in coming months could lead to privatisation. Lowest ratings among state networks, but seeking to boost audiences by showing more feature films.

Canal Plus Europe's first pay TV channel. Run by state controlled Havas media and advertising group, which is to be privatised. Despite slow and costly start in 1984 now a success with 1 million subscribers. Specialises in films and sport. Unaffected by television reforms.

La 5 Fifth channel and first private commercial network. On air since February. Operating concession granted by Socialist government to Jerome Seydoux, head of Chargeurs transport group and Silvio Berlusconi, Italian TV entrepreneur. Concession now being cancelled and offered to others.

TV6. Known as the music channel, this private network is operated by a group led by Gaumont, the French film production group, a private radio station, NRJ, and two advertising groups, BCC Publicis and Agence Gilbert Gross. This concession is also being cancelled. Specialises in video clips of pop stars.

Nuclear Weapons

A smokescreen to avoid a test ban treaty

By Frank Barnaby

A COMPREHENSIVE and permanent ban on nuclear weapon tests has proved an elusive global goal. It has been continually resisted by the military-industrial complex and the nuclear weapons laboratories, in America, Europe and the Soviet Union. The Pentagon, for example, opposes a Comprehensive Test Ban Treaty (CTBT) because it wants to develop and, therefore, test new nuclear arms; officials say they also must randomly test warheads taken from the American nuclear arsenal to ensure they still work effectively.

Opponents of a CTBT usually argue that a treaty could not be verified adequately. The Reagan Administration, for example, says it will consider negotiating a CTBT only when "substantially improved verification capabilities" are available. The British Government also insists a CTBT cannot be effectively verified under current circumstances.

This view is not shared by the world's most eminent non-governmental seismologists: Lynn R. Sykes, Higgins Professor of Geological Sciences at Columbia University, for example, adamantly asserts a CTBT can be monitored with enough accuracy to assure reasonable people the parties to the Treaty cannot cheat.

By using modern seismic monitoring equipment within the Soviet Union and other surveillance methods, such as satellite photography, Prof Sykes maintains it should be possible for the Americans to verify that the Russians are fulfilling their obligations under a CTBT, down to nuclear explosions with explosive powers equivalent to approximately 1,000 tonnes of TNT (one kiloton). Only 5 per cent of Soviet and American nuclear tests between 1980 and 1985 were below one kiloton.

The one kiloton limit, above which a CTBT technically can be verified with confidence, also applies to underground nuclear explosions which the tester may try to muffle or hide. Methods of muffling such explosions include detonating them in dry, soft ground, such as porous alluvium (sand and gravel) or in large underground cavities, excavated, for example, from salt domes.

Nuclear explosions carried out in the normal way in hard rock, with no attempt at evasion, can be reliably identified down to much lower limits than one kiloton.

Using modern seismic equipment, within the Soviet Union, the Americans could monitor such explosions down to yields of 0.1 kilotons (i.e., explosions with an explosive power equivalent to that of 100 tons of TNT).

It is assumed there is no significant military interest in nuclear tests with yields less than one kiloton. There is, however an exception to this rule: the X-ray laser weapon, known as Excalibur—a potential Star Wars weapon. It is triggered by a nuclear explosion which may be less than a kiloton.

Between 1977 and 1980, negotiations for a CTBT were energetically carried out in Geneva by the US, the Soviet Union and the UK. The negotiations were abandoned by President Reagan—but not before details about verification procedures had been agreed in principle. These included provisions for seismic monitoring posts on the territories of the three countries and the international exchange of seismological data.

What remained to be agreed were the *administrative* details about positioning the seismic monitoring equipment, collecting and analysing data from such technology and maintaining and replacing it.

The number of seismic listening posts required depends on the degree of confidence demanded of the verification system for a given lower limit of nuclear explosive yield. The trilateral negotiations, abandoned in 1980, had agreed on 10 stations on the territory of each of the three countries (the US, the Soviet Union and the UK).

But three leading American seismic experts — Charles Archambeau, John Evernden and Lynn Sykes—suggest more than 10 seismic listening posts in each country may be desirable. They calculate 25 seismic stations each, distributed throughout the US and the Soviet Union and 15 stations outside each country would verify a CTBT to an extent that should satisfy even the most suspicious.

Each of the listening posts would have a modern high-frequency seismic recorder (an extremely sensitive instrument), placed in a hole at a depth of 100 metres or so. Such seismic networks would detect and identify signals produced by virtually all nuclear explosions with yields down to one kiloton, even if decoupled (i.e., exploded in large air-filled underground cavities).

The cost of verifying a CTBT would be small. The equipment would cost roughly $200,000 per station, including all computer hardware and software. The costs of installing the equipment at each station, and operating and maintaining it would be extra. But the total costs of verifying a CTBT would be considerably less than the costs of verifying the compliance of the nuclear non-proliferation treaty or verifying a ban on the production and deployment of chemical weapons.

More to the point, the cost of effecting a CTBT could cost the British Government nothing if it opted not to have any seismological stations situated on UK soil. If the Government opted to position 10 such stations here, it would cost £2m for the initial installation and an additional £2m a year in operating and maintenance costs.

The negotiation of a CTBT is the most obvious next measure to control the nuclear arms race. It is one of the most important elements of a "freeze" on the testing, deployment and production of new nuclear weapons.

Without testing, no new nuclear weapons would be deployed. This fact is the main reason why the American Administration and the British Government so strongly oppose a CTBT. The Americans are developing and deploying a new series of strategic and tactical nuclear weapons; the British are busily developing a new nuclear warhead for the Trident II submarine-launched ballistic missile.

The governments do not want to admit that they are more interested in keeping the nuclear arms race going than stopping it. And so they use verification as the excuse to hide the real reasons why they oppose a CTBT.

The author, a former director of the Stockholm International Peace Research Institute, is policy adviser to Nuclear Freeze, the initiative to halt the arms race. He is co-author, with Roger Harrison, of Verifying A Nuclear Freeze, published today by Berg Publishers.

Letters to the Editor

The dangers of deflation

From Mr D. E. Franklin.

Sir,—The Bank for International Settlements' caution regarding relaxation of monetary policy, in the present environment of depressed activity, falling prices and fiscal austerity, is very disturbing. One would not wish to understate the potentially positive impact of the recent adjustments to the price of oil and the value of the dollar, but there is a real danger that these forces (primarily of rising real income, wealth gains, and increased potential returns to investment) may be overwhelmed, at least in the short run, by the forces of deflation. To offset this danger international interest rates need to be reduced substantially and without delay.

A number of arguments have been adduced in favour of caution; none is well founded:

1—It is argued that real deflation is not yet upon us. Samuel Brittan (A Pause before a Spurt, June 5) assesses the dangers of deflation by reference to OECD forecasts of underlying (GDP deflator) inflation this year and next. But import, wholesale and consumer prices are falling now in most major economies. It is these falling prices which should be set against current short-term interest rates to assess current real interest rates, for it is on the basis of the attractions of saving relative to purchase of these goods, that current spending decisions (particularly spending on inventories) are determined.

If a slide into recession is avoided, prices will no doubt start to rise again as the transitory impact of the oil price fall unwinds, but the markets can assess this danger and set long-term rates accordingly. That monetary policy is very tight is witnessed by the fact that in most countries long rates are little above short rates despite this expected inflation profile.

2—Liquidity is abundant. Abundant liquidity is merely the sympton of the attractions of cash and interest bearing money, at a time of falling prices and high nominal interest rates. It may represent deferred spending, but spending will continue to be deferred and may be needed to supplement falling incomes, if a deflationary spiral is not avoided.

3—Inflation is not dead. Aside from the healthy operation of the price mechanism, remaining inflation is mainly in the labour market, where further policy inspired weakness can hardly be humanely contemplated (and has been rather ineffective to date). Note also that the oil price drop will be followed by other fuel price weakness over time, increasing the efficiency of capital — and reducing cost pressures.

4—Most curiously, the BIS is apparently concerned that "given the inflexibility of fiscal policy, there was a danger of too much reliance on monetary policy to secure macro-economic ends" (FT report June 11). It is not surprising that fiscal austerity is getting a bad name if the central bankers who so encouraged it initially, are now to keep monetary policy tight as well, and thus prevent private sector investment from being "crowded in."

Donald Franklin.
Schroders,
36 Old Jewry, EC2.

Teachers lack skill for GCSE exam

From Mr B. Davies.

Sir,—While not wishing to quarrel with the generally sanguine tone of your leader (June 11) on "Reform of the schools" there are some misconceptions about the GCSE as "the central plank" of "a serious and coherent attempt to reform the state school system." Whereas there is de facto combination of "O" level and CSE under the new GCSE banner, the realities of the division denoted by those two exams will remain.

The positive steps that have been taken must not obscure the fact that the bottom 40 per cent of the ability range for whom the previous exams were inappropriate will still find GCSE inappropriate. Nothing has changed in that respect for those whom Sir Keith Joseph declared that the education system was failing.

The steps to be welcomed are:

1—Continuous assessment based largely on project work.

2—The oral content of the English syllabus, though insufficient weight is to be given this valuable skill.

3—The advent of the structured question and the measure of criterion-referencing that will accompany it.

But in a number of subjects the division between "O" level and CSE will remain, the "O" level candidates being prepared to take papers 1 and 2 while the erstwhile CSE candidates will take papers 2 and 3. So division will live on and selection at 14 will be the norm for those subjects.

There are further difficulties with criterion-referencing because the grades will be subject to highly variable assessment by teachers untrained in assessment techniques.

That is why it is so stupid to pres ahead with GCSE. It is not just a matter of syllabuses and resources that any teacher can handle as part of his or her professional competence. Recent University of London Institute of Education research has shown that assessment is a specific skill that few teachers in the schools possess. Since the candidates' own schools will be responsible and there is little or no in-service training devoted to the difficulties of school-based assessment the success of GCSE as a new fundamental examination will be highly problematic.

I am afraid that Mr Baker is proving to be as blind to the halfway house that GCSE is as Sir Keith was. To think that implementation can be effective in a matter of the few weeks left in the face of the complexities that need to be tackled is ludicrous.

Baldwyn Davies,
Delruddyn, Guilsfield,
Welshpool, Powys.

Planning local spending

From Mr T. Travers.

Sir, — Professors Jones and Stewart (May 29) rightly question the Government's planning of local authority public expenditure. In each recent year, public expenditure plans have included figures for local government which were a triumph of hope over experience.

The table shows, for the past three years, current spending plans and budgets. The first column shows the Government's early plans, as published in the Public Expenditure White Paper 15 months before the year concerned. The second column shows authorities' original budgets for the financial period immediately before the year concerned. Column three shows the Government's revised (and final) plans for the year, while column four gives the original budgets for the year.

LOCAL AUTHORITY CURRENT EXPENDITURE (ENGLAND) £bn

	Orig. Govt. plans for year	Budget for prev. year	Revised Govt plans for year	Budget
1984-85	19.89	20.39	20.39	21.44
1985-86	20.85	21.44	21.31	22.22
1986-87	21.75	22.22	22.25	24.24
1987-88	22.29	24.24		

There is a clear pattern. The Government's early plans for a particular year are uplifted in the light of budgets for the previous year. The revised plan thus created is then exceeded by original budgets for the year to which the plan applied. This "overspend" then leads to the raising of plans for the next year, and so on.

Such a pattern is most unsatisfactory. Local authorities face planning figures which they know will never be attained, with the inevitable effect on the way the plans are treated. The Government is left looking foolish because it has to increase planned local authority spending each year while also suffering an apparent "overspend" each year.

The Treasury and Civil Service Committee of the House of Commons commented in a report on the 1986 Public Expenditure White Paper that it does "not believe it is desirable for figures to be included in the White Paper which do not represent realistic assessments of future expenditure."

The Government faces a choice. Either local government should be removed from the planning process (as is the case in some of our competitor countries) or, if it is to remain within the public expenditure planning process, any figures included for local government should be realistic assessments of likely spending. Environment and Treasury ministers would be saved much anguish and embarrassment by moving to a rational approach of local authority expenditure planning.

Tony Travers,
34 Warren Street, W1.

Indexed in line with inflation

From Mr R. Harris

Sir,—The Director of the Low Pay Unit says (June 10): "As long as the marginal rate of tax (MTR) exceeds the average rate of tax (ATR)—as is always the case—then gross pay must rise by more than inflation if net pay is to keep pace with prices."

This is true only if income tax allowances and National Insurance contributions are not indexed in line with inflation, as they normally have been since the Rooker-Wise amendment of 1977. So long as they are so indexed, then a pay rise will automatically increase net pay by the same percentage.

Take, for example, the case of a married man earning £170 gross, approximately the average current earnings for manual worker. He pays £28.92 in income tax and £15.30 in NI contribution leaving him £125.78 in take-home pay. Assume that prices rise by 5 per cent, his pay rises by 5 per cent to £178.50 and the income tax allowance goes up 5 per cent from £70.29 to £73.80. He will then pay £30.36 in income tax and £16.07 in NI contributions, leaving him with take-home pay of £132.07, an increase of £6.29 or exactly 5 per cent.

Richard Harris.
119 Haverstock Hill, NW3.

FINANCIAL TIMES
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British Tories divided on S. African sanctions

By Peter Riddell, Political Editor, in London

SIR GEOFFREY HOWE, the British Foreign Secretary, yesterday sought to keep open the Government's options on the nature of further measures to be taken against South Africa, in face of strong pressure from the opposition parties and a minority of Tory MPs for strong and early action.

During a special House of Commons debate, Sir Geoffrey carefully balanced renewed criticism of apartheid and the recent attitude of the South African Government with a non-committal view on any specific new measures which might be taken.

There are clear divisions of opinion within the Conservative Party about the desirability and extent of further measures, though at present, in the absence of specific action, most Tories are willing to support the Government.

Significantly, Mr Francis Pym, a former Foreign Secretary, questioned whether Sir Geoffrey was approaching the issue "with the vigour and enthusiasm required." He said further measures were essential and "the sooner the better," adding that if this meant restrictions on investment, "so be it."

Mr Denis Healey, the Labour party's foreign affairs spokesman, and Dr David Owen, the Social Democrat leader, both urged the need for economic sanctions to intensify the pressure on the South African Government to change its policies.

Sir Geoffrey reiterated the Government's opposition to sweeping economic sanctions, which, he said, would be most unlikely to be effectively enforced worldwide, while the impact would be almost entirely negative, especially within South Africa.

But he gave no clue as to the details of the measures to be discussed with the rest of the Commonwealth, the EEC and the other economic summit nations ahead of the EEC heads of government meeting at the end of next week.

Sir Geoffrey stressed that to be effective measures should be aimed at influencing opinion in South Africa favourably in the direction of reform and should give the government in Pretoria "the incentive to respond positively, rather than the excuse to retreat further into isolation."

He stressed that, if the measures were to be effective, they should, above all, be "calculated to command and secure the fullest international support."

Sir Geoffrey argued that it had become increasingly clear that the key to commencement of dialogue within South Africa was the unconditional release of Mr Nelson Mandela, the jailed leader of the African National Congress. "That must be seen as the major act of reconciliation that is necessary to pave the way for peace."

Opening the debate for Labour, Mr Healey launched a strong attack on Mrs Margaret Thatcher, the Prime Minister, for putting the future of the Commonwealth at risk, attacking her "imperious vanity." This prompted a strong defence of the Prime Minister by Sir Geoffrey.

Voest-Alpine abandons Oki chip venture plan

BY PATRICK BLUM IN VIENNA

VOEST-ALPINE, Austria's troubled state-owned steel and engineering group, has abandoned plans to set up a large joint venture microchip factory in Austria with Oki Electric Industry of Japan, the company said yesterday.

A preliminary agreement was signed by Voest and Oki last year for the $285m project. It was heralded by the Austrian Government as a breakthrough in attracting high-technology foreign investment to Austria and as a major development in the company's plans to diversify into new activities.

The deal, however, came up against several obstacles and a decision to abandon the project appeared increasingly likely following Voest's heavy losses last year. Earlier, the project had faced an unexpected setback following the decision by the local council where the plant had been built to refuse planning permission on environmental grounds.

The company's $11.8bn losses last year forced it to rethink the project which would have been the largest undertaking of the kind to date. Following the appointment of a new management team earlier this year, Voest is now seeking to consolidate its traditional activities. Diversification will continue but in fields more closely related to its activities in steel production, engineering and plant construction.

Dr Herbert Lewinsky, Voest's new chief executive, is known to have regarded the original agreement with Oki as unsatisfactory.

There were also difficulties in negotiations between the Austrian Government and Oki over government financing for the project. The Austrian Government was eager for Oki to commit itself to greater involvement in Austria in exchange for the considerable subsidies involved in the project. Further negotiations are now planned to examine the possibility for Oki to find a new partner or for the Japanese group to go it alone and set up its own plant in Austria.

American Express Bank plans worldwide operations shake-up

BY PAUL TAYLOR IN NEW YORK

AMERICAN Express Bank (AEB), the international banking unit of the US financial services group, yesterday unveiled a far-reaching reorganisation of its worldwide operations and a new strategic plan aimed at extending the unit's merchant banking activities and more closely co-ordinating the bank's branch network.

AEB said the new strategic plan was designed to ensure the bank "retains its competitive edge" by focusing on three primary business areas: its core private banking business for wealthy individuals; merchant banking; and the expanded use of its branch network, which operates 85 offices in 39 countries worldwide.

The American Express unit, which has been growing fast and is already highly profitable, reporting earnings of $164m last year and an average return on assets of 1.12 per cent, also announced the appointment of four executives to the newly created post of senior executive vice president.

The new senior executives are Mr David Stein, a former managing director at American Express' Wall Street securities unit, Shearson Lehman Brothers, Mr George Carmany, Mr Heinz Zimmer, general manager of American Express Bank's Zurich operations, and Mr Amos Bergner, president of AEB's wholly owned Geneva-based subsidiary, Trade Development Bank (TDB).

Mr Robert Smith, AEB's chairman and chief executive, said: "The time is right for a major redirection that will enable us to maintain our competitive advantage in the midst of a changing global marketplace.

"A central part of the plan focuses on the development of new products and services in the private banking, investment banking, treasury, capital markets and financial institutions marketing areas. These products will be marketed on a global basis through five key financial centres, New York, London, Frankfurt, Asia and Switzerland.

"This plan will allow AEB to tap the branch network's intimate knowledge of local markets to cross-sell our newly-developed global banking products," Mr Smith said.

While AEB has recently been extending its push into fee-based merchant banking, mostly in conjunction with Shearson Lehman, the new strategic plan calls for the unit aggressively to expand its investment banking, treasury and capital markets and financial institutions marketing.

The bank's merchant banking activities will be headed by Mr Robert Savage, AEB's vice chairman, chief operating officer and treasurer, with Mr Stein managing operations in the major financial centres and co-ordinating activities with Shearson Lehman.

The promotion of Mr Bergner and Mr Zimmer, who will jointly head AEB's private banking group, represents a further consolidation of AEB's own private banking operations with those of TDB.

● American Express has settled an administrative complaint by the US Securities and Exchange Commission that it used improper accounting practices to inflate pre-tax income in 1981 and 1982 by about $54m and $40m respectively, the SEC said yesterday. Amexco neither admitted nor denied the SEC's charges, which concerned two reinsurance transactions by the former wholly owned Fireman's Fund unit.

Apricot axes jobs, launches IBM-link computers

By Jason Crisp in London

APRICOT COMPUTERS, once one of Britain's fastest-growing companies, is pulling out of the mainstream personal computer market and has launched its first models which are compatible with the IBM standard.

Yesterday the company announced a pre-tax loss of £10.78m ($16.4m) and was unable to pay a promised final dividend because large stock write-downs have absorbed all the group's reserves.

In addition to substantial write-downs announced at the time of the interim results, Apricot is now making a provision of £12.7m for a major restructuring of the company. The company is cutting the price of its mainstream products, the F Series and Xi, to dispose of its stocks.

The rapid fall in the price of personal computers following the arrival of very cheap IBM-compatible "clones" from the Far East has convinced Apricot that it cannot make any profits in the mainstream area.

As a result, it is going to confine itself to selling sophisticated systems costing between £4,000 and £40,000 based on its powerful recently launched Xen computer. But it has also made the Xen computer compatible with IBM, which means it can run the vast amount of programmes written for the US computer giants PC.

The Xen has been selling very well since it was launched. According to consultants Romtec, Apricot's share of the UK personal computer market is now about 16 per cent, largely because of the Xen.

Apricot is making 180 people redundant as a result of the restructuring which follows other job losses earlier this year. Apricot will now employ 650 people compared with 1,250 a year ago.

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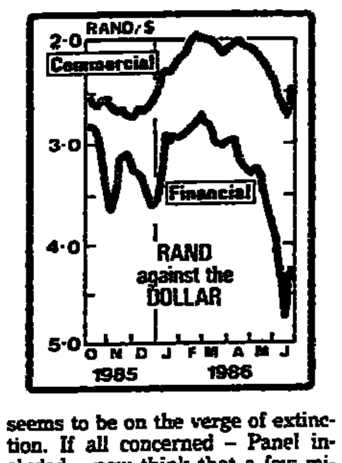
THE LEX COLUMN

Pretoria mans the pumps

The recovery of the rand on foreign exchange markets yesterday was as much relief that Monday's Soweto anniversary was passed as a credit to South Africa's new see-no-evil, hear-no-evil information policy. The selling pressure that drove the discount on the financial rand wider last week than at any point since Soweto 1 in 1976 has abated for the moment.

However, there were not many City of London fund managers slapping themselves for not buying last week into one of the better short-term punts available in global markets. At yesterday's commercial rand rate – which is the rate in which dividends are paid – a gold share bought last Thursday could have been sold ex-dividend next month for a total return of over 20 per cent. Leaning out of this particular window is only for those with a head for heights. Leaving aside the wage negotiations at the mines, the momentum building up behind sanctions could well produce some sort of equal and opposite reaction in South African exchange control.



For the moment, the South African authorities have no desire to deter foreign investors any further. The small package of financial measures announced yesterday shows that foreign capital is still first in the queue: export-led growth is out while foreign bankers get all the export earnings, and it is the domestic economy that must be pushed. But with such cost pressures already built in from the falling rand, a stimulation of domestic demand could well be a recipe for a nasty-looking cycle of inflation and currency weakness.

UK Takeover Panel

It would be strange, but not entirely beyond belief, if a defective photo-copier in a merchant bank were to print the last grey smudges on the City of London's informal takeover code. The accidental delay which prevented County Bank from announcing victory in the Tomkins bid for Pegler Hattersley is not in itself the kind of thing which used to determine the outcome of a bid. If the rules were being honoured in the spirit, and Tomkins actually had 55 per cent acceptances at the requisite time, then a hitch in the counting or announcement procedures would probably have got by not so long ago. And if there were a polite question, the Takeover Panel might have been in a position to resolve it. That state of affairs now seems to be on the verge of extinction. If all concerned – Panel included – now think that a few minutes' delay is meat for contract lawyers, then the jig may be very nearly up.

Apricot

Rarely can a company have wiped out its reserves with such a show of confidence as Apricot Computers; but Apricot needs to retain the support of computer dealers as well as shareholders. So healthy trading in the current year is the management's new watchword. The same team promised a maintained dividend for the year to March after the year ended, so the City of London must be hoping that prediction now proves more reliable than retrospection.

The sellers who forced the price down yesterday morning by a third to 54p in the hours before the results were released to the stock exchange may not all be smiling, since a sustained bout of salesmanship by Apricot managed to pull the price back up to 69p, down 11p, and substantially above the recalculated asset value of 38p a share.

Whether that premium can be justified now depends entirely on the Xen computer, with which the company plans to conquer a market, workstations for big business, which it has hardly touched before. Apricot's strategy seems based on a belief that its IBM-compatible Xen can be sold at a sizeable premium to the models of the IBM clones. But it is not self-evident that the top end of the personal computer market will escape the price cutting which has caused Apricot to abandon first the bottom and now the middle range of the market.

This is not a great British computer disaster story of Acorn or Sinclair proportions. The company is not run by boffins who try to create, rather than follow, markets. But shareholders would still be greatly relieved by the takeover to which the management seems open – without result so far.

Oxford Instruments

It is not so long ago – less than two years, in fact – that Apricot Computers and Oxford Instruments were trading at the same price. Oxford, indeed, had rather the smaller market capitalisation. The intervening period shows what a difference there is between trading in an over-crowded market place, subject to rapidly-falling product prices, and exploiting a dominant world position in a proprietary technology. At 588p, up 6p after an 88 per cent increase in earnings, Oxford is capitalised at a little over £260m, about 7½ times Apricot's size.

Oxford's magnets may eventually come under pressure from two *heavyweight competitors* – Siemens and GE – but so far margins are holding up well. Prices appear to have been stable, and Oxford is protecting its leading position by re-engineering the product to reduce costs. Unit costs are also getting the benefit of putting greater volumes through the works.

At the same time, Oxford has been successful in its attempts to grow a wider spectrum of products, to protect against the eventual slowing of the magnetic imaging market. The doubling in profits from the non-magnet activities suggests that in the chosen ranges, from medical diagnostics to materials analysis, Oxford is managing to repeat its earlier successes. Even bearing in mind the possibility that GE might at length decide on rougher tactics – using brute muscle to squeeze Oxford's market share in magnets – the expansion of the market, at a likely 25 per cent annual rate, should leave room for Oxford to grow.

Bought deal

Enter the bought deal. Warburg has taken the plunge, shouldering the market risk as well as the risks on the interest margin, to buy nine-tenths of a £100m issue from the European Investment Bank. With such a borrower, and reasonably cautious pricing, not too much of a risk. But a sign of things to come later in the year in other parts of the London market.

British TV group sets out terms for flotation

BY ALICE RAWSTHORN

THAMES TELEVISION, Britain's largest independent television company, announced details of its stock market flotation yesterday, which will capitalise the company at £91.2m ($138.6m). Thames holds the weekday commercial television franchise for the London area.

Through the flotation Thames will release 35.6 per cent of its equity, or 17m shares, at 190p a share. The company's employees have been given preferential rights over 1.7m shares which, if fully subscribed, would increase their holding to 10.4 per cent. Four senior executives have the right to exercise options to acquire more than 670,000 shares at 90p a share.

In its last financial year, to March 31, Thames produced profits of £14.8m on turnover of £190.9m, and will come to the market with an historic multiple of 10.9. The prospectus will be published tomorrow, the application lists will open on June 25, and dealings will begin on July 2.

All the shares in issue willbe released by Thames joint owners, BET and Thorn-EMI, each of which will retain 28.75 per cent of the company after the flotation. BET and Thorn were instructed to dilute their holdings by the Independent Broadcasting Authority after Carlton Communications' abortive takeover bid last autumn.

In the run-up to the flotation Thames has mounted an ambitious marketing campaign to encourage viewers to buy shares in the company. The campaign has now entered its final phase with a series of television commercials telling viewers that the station is being floated and giving details of a telephone "hotline" which they can call for further information.

Mr Hugh Dundas, the Thames chairman, said: "We have not set an exact target for the proportion of shares which we would like viewers to buy, but we have felt all along that we would like to strike a reasonable balance between the viewing public and the institutions."

Thames's management team – together with the merchant bank to the issue, County Bank, and its brokers, Cazenove and County Securities – has also mounted an extensive series of presentations to institutional investors.

When Thames first formulated plans for flotation late last year it was thought that the company would be capitalised at around £80m, little less than the £82.5m that Carlton bid for it in the autumn. Since then the financial institutions' attitudes towards the television sector have softened perceptibly – chiefly since the Peacock Committee advised against the introduction of advertising to the BBC – and Thames has increased its proposed capitalisation accordingly.

The Thames flotation presages a period of frenetic activity within the television sector. The breakfast television station, TV-am, plans to float on the Unlisted Securities Market in early July, while Central Television, the second largest ITV company, proposes to graduate from the USM to the stock market in early autumn.

Mergers board to study P&O ferry group stake

BY LIONEL BARBER IN LONDON

THE UK government yesterday referred Peninsular & Oriental Steam Navigation's strategic 20.8 per cent shareholding in European Ferries to the Monopolies and Mergers Commission.

Mr Paul Channon, Trade and Industry Secretary, accepted advice from the Office of Fair Trading that the share stake "constituted or might constitute" material influence by P&O over European Ferries. That raised issues of competition in the market for ferry services, the DTI said yesterday.

The Monopolies Commission reference curbs any ambitions by P&O to increase its stake or launch a bid for European Ferries for six months, the length of the investigation. If the commission recommends that the share stake is against the public interest, P&O might be obliged to sell its holding, bought for £36m ($54.7m) last December.

Mr Ken Siddle, chairman of European Ferries, said last night: "I am completely bemused. We were not even asked for our views by the Office of Fair Trading."

Mr Peter Thomas, head of corporate affairs, at P&O, declined to comment on the reference beyond a brief statement. "This is the OFT's prerogative."

European Ferries shares fell 4p to close at 134p on the news. P&O fell 7p to 513p.

For the year to last December, European Ferries reported a £4m rise in pre-tax profits to £48.4m on £404m turnover. The profit did not include extraordinary charges of £21.4m, mainly on property in Houston.

P&O, which sold its loss-making Channel ferry fleet to European Ferries in January 1985 for £12.5m, made £125.6m pre-tax profits on £1.83bn turnover for the same period.

This month, it concluded a £551m takeover package, including the purchase of Stock Conversion, one of the UK's largest property companies, and Overseas Containers, the leading container shipping operator of which it already owned 47 per cent.

The decision by Mr Channon came only a few days before the end of the six months allowed for competition reviews under the Fair Trading Act.

There were two areas of concern for the government. Sir Jeffrey Sterling, chairman of P&O and an adviser to Mr Channon, was appointed to the European Ferries board last December. The size of the holding, coupled with Sir Jeffrey's access to sensitive commercial information, might constitute a material influence over European Ferries' activities.

The Government was also concerned by the size of the combined market share of P&O and European Ferries on routes between the UK and Northern Ireland and the UK and the Netherlands. According to OFT calculations, the companies' joint market share on the Irish Sea amounts to between 44 per cent and 49 per cent; on the Dutch routes, the market share is between 53 per cent and 56 per cent.

EEC request on Gatt talks

Continued from Page 1

Foreign Minister and Council chairman, said no mention of a link had been made by the Twelve.

On the question of trade in services, both Italy and Greece sought to weaken the EEC commitments to across-the-board negotiations covering all forms of such trade – and to stress instead sector-by-sector negotiations.

The final compromise removed the aim of achieving "the establishment of the widest possible framework or principles and rules for trade in services."

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	R	20	68	Dubrovnik	S	27	81	Malta	C	27	81	Rhodes	S	19	66
Algiers	S	27	81	Edinburgh	R	14	57	Manchester	C	13	55	Rio de J'o	C	32	90
Amsterdam	S	25	77	Faro	S	23	73	Manila	C	33	91	Rome	R	19	66
Athens	S	31	88	Florence	F	26	79	Melbourne	F	15	59	Salzburg	F	28	82
Bahrain	S	36	97	Frankfurt	S	27	81	Mexico City	S	25	77	San Francisco	S	24	75
Bangkok	S	35	95	Funchal	C	18	64	Miami	R	29	84	Seoul	C	20	68
Barcelona	F	21	70	Geneva	F	24	75	Milan	S	23	73	Singapore	C	31	88
Beirut	–	–	–	Gibraltar	S	25	77	Montreal	C	29	84	Stockholm	S	26	79
Belfast	C	13	55	Glasgow	C	14	57	Moscow	C	20	68	Strasbourg	S	27	81
Belgrade	S	28	82	Guernsey	C	13	55	Munich	T	26	79	Sydney	C	21	70
Berlin	S	29	84	Helsinki	S	23	73	Nairobi	C	21	70	Taipei	S	34	93
Biarritz	–	–	–	H. Kong	C	30	86	Naples	F	26	79	Tangier	S	22	72
Bombay	–	–	–	Innsbruck	F	24	75	Nassau	S	31	88	Tel Aviv	S	28	82
Bordeaux	C	19	66	Inverness	R	12	54	New Delhi	S	41	106	Tenerife	S	23	73
Brussels	S	27	81	Islamabad	S	41	106	New York	S	29	84	Tokyo	R	24	75
Budapest	S	29	84	Istanbul	S	28	82	Nice	F	24	75	Toronto	C	28	82
B. Aires	C	19	66	Jakarta	C	32	90	Nicosia	S	35	95	Tunis	–	–	–
Cairo	S	35	95	Jersey	C	15	59	Oporto	S	20	68	Valencia	C	24	75
Cape Town	F	13	55	Jo'burg	F	18	64	Oslo	S	22	72	Venice	S	26	79
Caracas	R	28	82	Lima	C	19	66	Paris	F	25	77	Vienna	S	28	82
Casablanca	C	21	70	Lisbon	S	20	68	Peking	S	35	95	Warsaw	F	26	79
Chicago	S	30	86	London	F	23	73	Prague	S	29	84	Washington	–	–	–
Cologne	F	25	77	Los Angeles	C	29	84	Reykjavik	F	7	45	Zurich	S	27	81
Copenhagen	S	24	75	Luxembourg	C	20	68								
Corfu	S	31	88	Madrid	S	29	84								
Dallas	–	–	–	Majorca	S	24	75								
Dublin	C	13	55	Malaga	S	23	73								

Readings at mid-day yesterday: C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

UK flotation postponed

Continued from Page 1

Other major asset sales in the pipeline include Rolls Royce, parts of BL and the British Airports Authority this financial year, and British Airways and the water authorities next year.

The acceleration since of the privatisation programme, which realised only about £6bn in the first six years of the Conservative Government, has raised some doubts over whether financial institutions such as pension funds will be able to absorb the flow of new flotations.

In recent weeks a number of rights issues and share placings have put the institutions' cash resources under strain

Mexican corruption reduced

BY DAVID GARDNER IN MEXICO CITY

THE MEXICAN Government's recourse to external audits of public sector imports has had a clear dissuasive effect on corruption, according to a report published yesterday by the Comptroller-General's office.

Last May, the government hired Societe Generale de Surveillance (SGS), the Swiss control and inspection company, to carry out discretionary audits of roughly one in every five public-sector import orders.

Out of 4,505 orders worth $2.6bn placed in the first year of the plan, 857 orders worth $482m were selected for inspection. Of the 179 orders where the inspection process has been completed, only seven have been rejected. These orders were worth $13.8m, or 15 per cent of the total value of the 179 contracts fully processed.

The Comptroller-General's office – the Government's corruption watchdog – says it thereby saved $1.4m. Its officials do not reveal either the cost of SGS's services or which public-sector entities placed the rejected orders.

In four out of the seven cases, however, the office itself uncovered "possible irregularities" before the inspection process, the report says.

Mr Francisco Rojas, the Comptroller-General, said in an interview last year that in the series of pilot tests his office ran with SGS before signing a contract with the company, the cost of one import order was reduced from $9m to $4m.

FINANCIAL TIMES
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Dome to present new refinancing proposals

BY BERNARD SIMON IN CALGARY

DOME PETROLEUM, the ailing Canadian energy producer, expects to present new refinancing proposals to its 56 international lenders within the next few weeks as part of its increasing efforts to remain in business.

Mr Howard Macdonald, chairman, told the annual meeting yesterday that the fall in world oil prices had changed the company's problem "from one of liquidity to one of survival."

A new financing plan to replace a debt-rescheduling agreement signed in February 1985 will include proposals that the banks convert some of Dome's C$6bn debt into equity. Mr Macdonald said in an interview: "The banks won't like the arithmetic, and we won't, either. But the proposals will be fair down the middle."

Mr Macdonald said the survival of many independent Canadian oil and gas producers was threatened unless federal and provincial governments cut energy taxes and royalties. Although some concessions had already been made to the industry, he said, "government action so far has been modest in comparison to the size of the problem."

He added: "The longer-term consequence of the current government direction will result in a small cluster of large companies dominating the scene even more than they do now."

Dome, Canada's third-biggest oil and natural gas liquids producer, reached an interim agreement with its creditors three weeks ago to suspend or curtail interest and principal payments until October 28. Without a longer-term refinancing arrangement, the company will be unable to repay a C$63m Swiss public loan, which becomes payable the following day.

Dome ran up its huge debts during an acquisition spree in the late 1970s and early 1980s. The company came close to collapse in 1982, after a sharp increase in interest rates and the first slide in oil prices.

Asset disposals, stringent cost-cutting, and the debt-rescheduling plan produced a small profit of C$7m last year.

The most recent drop in oil prices has again raised the spectre of bankruptcy. Cash balances fell from C$468m at the end of last year to C$273m on April 30. Mr Macdonald said that second-quarter losses would be "much worse" than the C$72m deficit recorded in the first three months of this year.

In an effort to conserve cash, the company has cut its 1986 capital spending budget by 44 per cent to C$144m and has shut in about 250 high-cost wells. Dome has the largest natural-gas reserves and land holdings in Western Canada.

London exchange launches its Topic data service in US

BY PAUL TAYLOR IN NEW YORK

THE LONDON Stock Exchange has launched its computer-based Topic live share quote system in the US. The move marks a deepening of the exchange's push into the electronic financial information business as part of the move towards global 24-hour trading and comes ahead of October's "Big Bang" restructuring of the London markets.

The new service will provide US subscribers with real-time London and international stock quotes together with other data including foreign exchange prices, futures and options information and brokerage reports. It is being offered through a London Stock Exchange New York subsidiary, Topic Services.

The subsidiary will charge US customers $15,000 a year to link their IBM personal computers to London via a dedicated data communications line and satellite network.

The service aims to provide UK and international price information to US brokerage firms and institutional investors who are expanding their international portfolios.

"This link between the time zones has been brought about by the blend of skills and technological innovation which will continue to be applied to the benefit of international investors," said Mr. George Hayter, president and chief executive of Topic Services and the exchange's London-based divisional director of information services.

The Topic service will include access to the London exchange's Lynx computer-readable real-time data from the exchange floor and might represent a potential challenge to other stock quote information services, including Quotron and Reuters.

But the Topic system goes further by supplying a wide range of other data and analysis, and might eventually form the basis of a dramatic expansion of off-floor electronic trading.

The current system provides display access to about 3,500 stocks and shares. They include UK gilts, equities, overseas stocks provided through the Stock Exchange Automated Quotation System (Seaq) international section on 30 leading market makers supplying two-way quotes in more than 500 international securities.

It also provides data on stocks in the Unlisted Securities Market.

From October, the system is to be expanded to include the Seaq market-maker information.

Topic was originally introduced in the UK in 1980 and has about 5,000 subscriber terminals in Britain, with orders that will expand distribution to about 12,000 terminals.

Ahead of the US launch, Topic officials said eight of the 10 largest Wall Street firms had signed up for the service and more than 50 terminals were in use.

"We are going through a massive growth phase," Mr Hayter said.

Argentine airline may face closure

By Tim Coone in Buenos Aires

ARGENTINA'S national airline, Aerolineas Argentinas, may be shut down entirely after a strike by maintenance workers at the weekend brought operations to a halt.

Executives of the state-owned company were due to meet government ministers last night to discuss the future of the airline, which has debts of $800m, but which had been expected to cover its operating costs this year and even repay some of its borrowings.

However, company officials were quoted by the press as saying they were prepared to have the company close down, and open a new state airline, rather than accede to new wage demands from the company's 10,000 employees.

Strike action began last week when maintenance workers first reduced their three round-the-clock shifts by one hour each, then on Saturday lengthened the stoppages to three hours a shift. The company subsequently decided to halt all national and international flights "until further notice" because of the impossibility of keeping its fleet of 42 aircraft safely in the air.

Before the company's decision to halt operations, its pilots had also declared their intention to strike from the beginning of next month in pursuit of wage increases.

The dispute is a delicate one for the Government of President Raúl Alfonsin. If the company accedes to the wage demands, which are low by both private-sector and international standards, it will probably prompt a series of pay claims throughout the state sector that would effectively torpedo the Government's economic strategy.

Ohrbach's to close after 63 years

OHRBACH's 12 US clothing stores, which became nationally famous for selling women's clothing at prices lower than conventional department stores, are to close after 63 years, AP reports from New York.

Amcena, the American arm of the Netherlands-based Brenninkmeyer group, which has owned Ohrbach's for 24 years, said the main midtown store – near Macy's and Gimbel's department stores – would close in February and the property would be redeveloped for Amcena into offices and small retail stores.

The 10-storey building was built by the store's founder, Nathan Ohrbach, in 1954.

The five metropolitan New York Ohrbach's stores will be converted to Howland-Steinbach department stores, Amcena said.

The conversion and closing of the Ohrbach's outlets brings to an end a company begun in 1923 by Ohrbach and Max Weisen, a dress manufacturer, who each contributed $62,500.

Amcena said the six West Coast Ohrbach's stores in the Los Angeles area would be offered for sale, but would remain open until a sale was completed.

The Limited sets hot pace, Page 28

CHEMICALS GROUP WIDENS INTERNATIONAL LINKS

Diverse strands in BASF's web

BASF, West German chemicals group, is pursuing a strategy that is making the company more multinational than ever. John Davies in Ludwigshafen looks at how the company is combining that policy with its traditional commitment to crucial raw materials and the effect that has had on international sales and production.

Mr Hans Albers, BASF chief executive

WHAT HAS oil and gas exploration in the US in common with making car paint in Japan and turning out plastics for shoe soles in Hungary?

These are just a few of the current preoccupations of executives at BASF, the West German chemical group. Varied as those activities may sound, they are strands in carefully woven strategy that is making BASF even more of a multinational concern than ever.

They also illustrate BASF's determination to continue as an integrated chemical group with a large stake in crucial raw materials, as well as in bulk and intermediate goods and more heavily research-oriented products.

BASF's sprawling complex of towers and pipelines dominates the town of Ludwigshafen (birthplace of Mr Helmut Kohl, West German Chancellor). At night, the site on the Rhine river glitters like an industrial Manhattan; by day it is a bustling and clanging maze of lorries, railway wagons and bicycles.

But BASF's sales and production abroad have grown in importance, especially with the string of acquisitions last year in the US and UK, costing more than DM 4bn ($1.8bn).

Sales revenue abroad, admittedly still magnified by a high US dollar, contributed more than 60 per cent of BASF's group sales of DM 44.4bn last year, compared with 52 per cent at the end of the 1970s.

Looked at another way, the sales of the parent company (formed 121 years ago) were outstripped for the first time last year by sales of all the other companies, at home and abroad, bundled together into the BASF group.

In quick succession, BASF made three big US acquisitions last year – the high-performance composite materials division of Celanese Corporation, the Inmont car paint and printing ink operation, and American Enka's fibre activities.

BASF executives are satisfied that its North American chemical operations have now reached a "critical mass", with the workforce jumping by 9,000 last year to more than 20,000. The immediate task ahead is to ensure smooth operation under a newly formed holding company.

In its acquisition policy, however, BASF is now hungry for oil and gas reserves in the US, feeling that the time may be ripe to scoop up interests at reasonable prices.

Mr Ronaldo Schmitz, a member of the BASF management board, says that would fit into the group's policy of building up reserves in regions less geopolitically sensitive than parts of the Middle East.

Such purchases would not amount to an expansion of BASF's raw material base, he emphasises, but would simply keep up its relative importance within the group. The oil and gas would not necessarily be used by BASF as captive supplies, but would give BASF a "lever" in the market.

Historically, BASF has concentrated much more than its West German rivals Hoechst and Bayer on securing its own raw materials supplies – coal, potash and oil (with oil refining).

Through its Wintershall subsidiary, BASF extended its oil and gas interests in the US in 1984 by buying reserves from Tricentrol of the UK for $73m. But it believes its reserves there are inadequate and must be expanded through acquisition or exploration.

BASF remains convinced that its "prudent" raw-materials strategy is a valid part of its corporate culture.

Similarly, BASF is involved itself in producing bulk chemicals for further processing, generally taking the view that about two thirds of commodity chemicals should be produced "in-house" and a third bought in the open market.

But its moves further into advanced plastics (for the aerospace and car industries) and car paints are part of a drive to build up areas of higher "added value", requiring costly research.

BASF already claims to be the biggest paint supplier to Volkswagen, Daimler-Benz and BMW in West Germany. Its Inmont acquisition gave it at a stroke a leading position in supplying paint to the US car industry.

The next step in the car paint market is Japan, although there BASF is more cautious and modest in its approach. It already has a link with a small, privately owned Japanese company that manufactures paint as a BASF licensee. The thinking at Ludwigshafen now is that that relationship might be used for expansion in Japan.

That would then give BASF a stake in supplying paint to the world's three biggest car production nations.

"We will never become the biggest supplier of car paint to the Japanese," one executive said, however. The investment would not be big, but there would be a much bigger "market commitment," with paint specialists on the spot in Japanese car plants to deal with technical questions.

In Hungary, too, BASF has been quietly building up business links as part of a patient long-term strategy. With the Hungarians showing a more outward-looking and liberal attitude to the West, a BASF subsidiary, Elastogran, has started up a joint-venture company with Hungarian state groups to make polyurethane at a plant near Budapest.

The joint venture, in which BASF has a 49 per cent stake, is making material for shoe soles and for other uses, including insulation. BASF is concerned there with cementing long-standing ties with the Communist Bloc, although Eastern Europe currently accounts for less than 3 per cent of BASF's sales.

North America, which accounted for 17.5 per cent of total sales last year, has clearly been singled out by Mr Hans Albers, BASF's chief executive, as a prime area for expansion, especially in advanced products. But the strategists at Ludwigshafen, driving to work early through streets jammed with their employees, are mentally putting down flags in more and more places around the globe.

Sabena profits rise as debts are reduced

By Our Financial Staff

SABENA, the Belgian state airline, yesterday coupled confirmation of a strong recovery in profits for 1985 with news of a healthy decline in borrowings.

Thanks to asset disposals, mostly aircraft, the group has managed to reduce medium and long-term debt to BFr 4.11bn ($91m), compared with BFr 5.54bn at the end of 1984.

Net profits for last year have risen to BFr 345m after deducting statutory dividends. For 1984, the airline's earnings totalled just BFr 26m.

The profits recovery has increased speculation about a partial privatisation for the company, accompanied by a flotation on the Belgian stock exchange.

The flotation might reduce the government's stake in the airline to about 27 per cent from 54 per cent. Chairman Carlos van Rafelghem said yesterday that he regarded government hopes for privatisation as "the view of our major shareholder" rather than an order to the Sabena board to take action.

Fleet Aerospace wins control of Aeronca

BY ROBERT GIBBENS IN MONTREAL

FLEET AEROSPACE, an aggressive Canadian aerospace parts manufacturer, and one of five bidders for Canadair, has won control of a US company, Aeronca, of Charlotte, North Carolina, with a bid of US$16.6m.

The deal will double the size of Fleet, based in St Catherines, near Toronto, and help it to expand in the US defence products market.

The combined company would have annual sales of around C$120m (US$87m), although Fleet may sell off Aeronca's boat-building subsidiary.

● Steiger Tractor, the North Dakota-based producer of large agricultural and industrial tractors, has filed a petition for reorganisation under Chapter 11 of the US bankruptcy code.

Steiger, which analysts expect will lose money again this year after 1985's loss of $1.84 a share, said it was faced with defaults in loan covenants in the US, Canada and Australia. Total sales in fiscal 1984 were $122m.

● Boliden, the Swedish metals and mining group, has agreed to take over the Greenland mining company Greenex, owned by Canada's Vestgron Mines, which in turn is a subsidiary of Cominco.

The takeover is on condition that banks to which Greenex owes DKr 85m ($10.4m) give their approval.

Boliden has agreed to pay an initial DKr 25m for Greenex shares plus further payment depending on the price fetched by zinc in store at the Arctic island's only lead and zinc mine at Marmorilik.

● Warner Communications of the US and Polygram Records agreed to seek government approval before pursuing any interest in any other big record companies as part of a settlement of a Federal Trade Commission civil suit.

The case began two years ago when the FTC won a court injunction blocking a proposed merger between the record companies on the ground that the business combination would substantially lessen competition in the industry.

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	118	Ass. Brit. Ind. Ord. ...	131	—	7.3	5.6	8.0	7.5
151	121	Ass. Brit. Ind. CULS...	131xd	—	10.0	7.6	—	—
125	43	Airsprung Group	123	−2	6.4	5.2	20.5	26.7
46	28	Armitage and Rhodes	29	+1	4.3	14.8	3.6	4.3
179	108	Bardon Hill	178	−1	4.0	2.2	22.5	23.4
77	42	Bray Technologies	77	+1	4.3	5.6	9.1	8.3
201	80	CCL Ordinary	80	—	2.9	3.6	5.7	8.9
152	86	CCL 11pc Conv. Pf. ...	86xd	—	15.7	18.3	—	—
168	80	Carborundum Ord. ...	168	+2	9.1	5.4	8.1	8.3
94	83	Carborundum 7.5pc Pf.	88xd	—	10.7	12.2	—	—
65	46	Deborah Services	56	—	7.0	12.5	5.8	7.7
32	20	Frederick Parker Group	23	—	—	—	—	—
112	50	George Blair	110	—	—	—	4.6	8.1
68	70	Ind. Precision Castings	60	—	3.0	5.0	15.8	13.2
218	158	Isis Group	158	—	15.0	9.5	12.2	18.2
122	101	Jackson Group	118xd	—	6.1	5.2	8.0	7.2
347	228	James Burrough	347xd	—	16.0	4.3	10.9	10.9
[illegible]	85	James Burrough 9pcPf.	100	+1	12.9	12.9	—	—
95	56	John Howard and Co	57xd	—	5.0	8.8	—	—
1420	570	Minihouse Holding	1,340	—	8.7	0.6	44.3	52.5
380	260	Record Ridgway Ord	380	—	—	—	6.8	11.7
100	89	Record Ridgway 10pcPf	89xd	—	14.1	15.8	—	—
82	32	Robert Jenkins	70	—	—	—	9.1	20.0
34	28	Scruttons "A"	30	—	—	—	—	7.7
87	65	Torday and Carlisle ...	77xd	+1	5.7	7.4	4.7	4.7
370	320	Trevian Holdings	320	—	7.9	2.5	6.7	8.8
57	25	Unilock Holdings	56s	—	2.1	3.8	15.2	14.9
175	63	Walter Alexander	169	—	8.6	5.1	9.5	11.7
226	190	W. S. Yeates	190	—	17.4	9.2	19.0	21.1

s=Suspended

INTL. COMPANIES and FINANCE

ICI Australia takes full control of ethylene plant

BY LACHLAN DRUMMOND IN SYDNEY

ICI AUSTRALIA, the 62 per cent owned subsidiary of Imperial Chemical Industries, has taken a further step to a more rational and profitable structure by taking full ownership of its off-balance sheet ethylene plant, along with a A$160m (US$ 111.4m) writedown on the assets and associated operations.

The writedown was announced along with a 20 per cent improvement in interim net earnings for the company, which in other organisational steps in the past year has taken over the minority holders in its paint subsidiary and merged its two fertiliser interests.

The company yesterday also announced the refinancing of its debenture commitments, a step which will increase its financial flexibility by lifting the limitations of its trust deed. This move will produce a A$9m extraordinary profit which, like the net A$71m loss on the writedown, will be taken in the final half-year.

For the first half to March, ICI Australia lifted net earnings from A$19.74m to A$23.65m after a 29 per cent rise in sales to A$970.49m from A$753.13m. A large part of the jump in turnover came from the consolidation of its fertiliser operations in a single majority-owned subsidiary.

The ethylene plant was previously jointly owned with the AMP Society in a financing vehicle but leased and operated by ICI Australia, which has struggled to earn reasonable profits from the plant because of low capacity use and strong international import competition.

Its full purchase will remove lease payments running at around A$30m a year while the writedown will ensure that in profit terms the lease impact is not replaced with a stiff depreciation charge.

The company yesterday forecast a further improvement in earnings for the second half, with the outcome to be determined in part by the health of the rural sector and the rate of recovery for the building industry.

Marginal advance at Mitsubishi Corporation

By Yoko Shibata in Tokyo

MITSUBISHI CORPORATION, Japan's largest general trading house, improved consolidated net profit by a marginal 0.6 per cent to Y32.32bn ($195.3m) in the year to March, on turnover of Y17,695.2bn, down 9.7 per cent.

Exports declined by 6.6 per cent and imports by 13.4 per cent, largely reflecting the recent surge in the yen's value. Domestic transactions and offshore dealings, on the other hand, rose 7.9 per cent and 11.6 per cent respectively, and as a result made up for the decrease in export-import business.

Gross trading profits improved by 1.3 per cent, chiefly because of the improvement of margins on trading transactions.

For the current year, Mitsubishi expects consolidated net profits to decline slightly, on the assumption that the yen averages Y170 to the dollar and the crude oil price settles at around $18 a barrel.

Consolidated sales are projected at Y16,100bn, down 5.8 per cent.

Sumitomo Corporation suffered a 4.5 per cent fall in consolidated net profits to Y32.87bn. The company attributed the decline to foreign exchange losses amounting to Y1.6bn and a sluggish performance by its car sales affiliates in the US.

Consolidated turnover moved ahead 8.2 per cent to Y14,394.57bn.

For the current year, Sumitomo expects net profits to reach about Y30bn, down 10 per cent, on consolidated sales of about Y14,000bn, up 5 per cent.

Target for Japanese rail privatisation

By Carla Rapoport in Tokyo

MR YASUHIRO NAKASONE, the Japanese Prime Minister, said yesterday he wanted to turn the Japanese National Railways (JNR) into a private company by next April. At the same time, JNR announced its losses for the year ended last March had risen to a record Y1,850bn ($11.18bn).

Speaking at an election campaign stop in Nagoya, Mr Nakasone said he would present a privatisation bill on JNR to the Diet (parliament) in early autumn. The loss making railway has long been slated for privatisation.

Mr Takaya Sugiura, JNR president, said yesterday that revenues for the latest year had risen 5 per cent to Y3,730bn, but expenses had risen faster. JNR's cumulative loss was estimated at Y14,120bn at the end of March this year.

Mr Sugiura said the heavy losses were in large part owing to the higher payments in retirement allowances. Last year 48,000 JNR workers had retired, compared with 22,000 the previous year.

Fuji Photo net earnings decline at six months

BY OUR TOKYO STAFF

FUJI PHOTO FILM, which has a 70 per cent share of the Japanese market for photographic film, yesterday reported consolidated net profits of Y31.57bn ($190.76m) for the first half to April 20, down 6 per cent.

Turnover at Y373.39bn was up 4 per cent for the period.

The poor earnings performance was blamed on a deterioration in cost-to-sales ratio resulting from a squeeze in export profit margins.

This in turn was caused by the yen's appreciation and softer prices for video tapes, amid intensified competition in the market into which it has diversified.

During the half-year, the exchange rate appreciated by about Y50 to the dollar against the same period in the previous year, which made export profitability considerably more difficult.

Foreign makers such as Eastman Kodak and Du Pont meanwhile stepped up marketing of their film products in Japan on the strength of the depreciation of the dollar.

Volume sales of videotapes gained 30 per cent, but prices fell 25 per cent. As a result, value sales in Fuji's magnetic products division declined slightly.

The consolidated results cover 18 consolidated subsidiaries and 124 equity-accounted affiliates.

For the full year to October, Fuji Photo expects its group net profits to be Y64bn, down 3 per cent, on turnover of Y760bn.

Squeezed margins hit Yamaha

BY OUR TOKYO STAFF

YAMAHA MOTOR, the world's second largest motorcycle maker, showed a 4.5 per cent pre-tax profits drop to Y5.86bn ($35.4m) in the year to April.

This eroded some of the recovery made since the pre-tax loss of Y19.7bn suffered in 1983-1984, which had arisen from its involvement in a bitter sales competition with Honda Motor.

Yamaha blamed the latest setback on squeezed export margins resulting from the yen's steep appreciation, which forward exchange contracts and product price mark-ups failed to offset.

It increased selling prices in the US in October and again in February, moves which were fiercely opposed by the US dealers. For example, the price of the most popular 700cc bike was raised from $2,700 to $3,000. During the Honda-Yamaha sales war the price tag had been held at $2,000 until the summer of 1985.

Net profits were down 35 per cent to Y4.52bn. Sales of Y403.25bn were up 3.6 per cent, boosted by exports of golf carts and strong demand for four-wheel buggies.

In unit terms, domestic motorcycle sales rose about 13 per cent while motorcycle exports rose 3.9 per cent to 860,000 units.

The company is to restore dividend payments after a three-year gap. The share annual distribution has been set at Y6.

For the current year, Yamaha expects its pre-tax profits to fall a further 14.6 per cent to Y5bn, on turnover of Y398bn, down 3.8 per cent.

Improvement at FVB in second half

BY JIM JONES IN JOHANNESBURG

FEDERALE Volksbeleggings (FVB), the South African industrial holdings group, improved profits in the second half of the year to March, but not sufficiently to erase an attributable loss suffered in the first six months.

Turnover increased by 17.1 per cent to R2.16bn ($838m) in the year from R1.84bn and operating profits before investment income and interest increased to R142.6m from R119.7m.

The group's foreign exchange exposure was fully covered by the start of the financial year. As a result FVB did not suffer the foreign exchange losses which had led to a pre-tax deficit of R34.6m in the 1984-85 year.

The latest year resulted in pre-tax profits of R50.7m. However, a higher tax bill and a large increase in profits payable to outside shareholders led to a loss of R4.3m attributable to ordinary shareholders against the previous year's R64.8m loss.

The balance sheet was strengthened by a R104m rights issue by FVB itself and a R40m rights issue by Fedfood, FVB's 66 per cent-owned subsidiary.

Mr Johan Moolman, the managing director, says that trading has been affected by a decrease in private consumer spending, high inflation, higher prices of imported goods, rising unemployment and political unrest. As a result he is reluctant to make a specific forecast of the current year's likely trading performance. Nonetheless he expects the group to return to profits this year.

The attributable loss was reduced to 8 cents a share from 137.4 cents and again a dividend has not been declared.

Hong Kong Telephone lifts profits

HONG KONG Telephone (Telco), the territory's principal telecommunications utility, achieved net profits for the year to March of HK$697m (US$89.3m), compared with HK$633m in the previous 15 months, AP-DJ reports from Hong Kong.

On an annualised basis, the increase amounts to 38 per cent earnings per share were 43.9 cents compared with 41.9 cents, representing an increase of 31 per cent after adjusting for a bonus issue and share split approved last summer.

Turnover was up annualised 18 per cent to HK$2.79bn, stated after adjusting for allocations to other telecommunications administrations.

Telco is a 79 per cent subsidiary of Cable and Wireless of the UK. Its board recommended a final dividend of 10 cents a share, bringing the total for the year to 20 cents.

Shareholders can receive the dividend in new ordinary shares instead of cash. In addition, the directors recommended a scrip issue of three shares for every 20 held on August 11.

INTL. COMPANIES

Malaysian Overseas calls in liquidators

BY WONG SULONG IN KUALA LUMPUR

MALAYSIAN OVERSEAS Investment Corporation (MOIC), Malaysia's first sogo-shosha, or general trading company, is being put into provisional liquidation after incurring debts of 50m ringgits (US$19.2m).

The company has appointed Coopers and Lybrand, the accounting firm, as provisional liquidators and has sent retrenchment notices to all its staff.

MOIC was set up four years ago on the personal encouragement of Mr Mahathir Mohamad, the Prime Minister, as the first Malaysian sogo-shosha, under his "look East" policy of emulating the Japanese economic model.

Since then, four other Malaysian general trading companies have been established, but none has had any commercial success, although their shareholders are big Malaysian corporations, such as Sime Darby, Malaysia Mining Corporation, Kuok Group, Multi-Purpose Holdings, United Motor Works and Guthrie Corporation.

MOIC was given the task of seeking investment opportunities in the South Pacific, but apart from a hotel investment in Fiji, none of its many proposed ventures in the area got off the ground.

Other deals, such as the sale of timber to Bangladesh, were struck at such low prices that the company made little profit. Its biggest venture, a housing development scheme in Kuala Lumpur, is being delayed by legal disputes.

Banks that lent money to MOIC include Malayan Banking, Chase Manhattan Bank and Citibank. Most of the loans are unsecured.

One senior MOIC official said: "It is difficult to implant a Japanese concept into the Malaysian environment, but since the Prime Minister wanted it, major corporations had to go along." The shareholders often felt a conflict of interests.

"If one shareholder has experience in hotel management, plantations, or timber, it would want to deal directly with the foreign partner concerned, rather than through the Malaysian sogo-shosha."

Swraj Paul sells off Indian shareholdings

BY JOHN ELLIOTT IN NEW DELHI

TWO Delhi-based business families won a 3½-year battle to retain control of their companies, Escorts and DCM, yesterday when it was officially announced that Mr Swraj Paul, a London-based, Indian-born industrialist, had sold his shares in the two companies.

That ended India's most bitter and political takeover battle, which started early in 1983 when Mr Paul, a close confidant of Mrs Indira Gandhi, the late Indian Prime Minister, bought stakes of 7½ per cent and 13 per cent in the companies and later tried to gain management control.

On paper, Mr Paul has made a considerable profit because he bought the stakes for a total of Rs 120m ($9.7m) and has sold them for about Rs 200m. But changes in the value of the rupee reduce the profit, if the funds are repatriated to the UK, where Mr Paul runs the Caparo group of companies, from a purchase price £8m ($12.16m) at 1983 exchange rates to about £10m or £11m at present rates.

In 1983, Mr Paul announced that he was leading an attack on Indian business families that held only small stakes in companies which they controlled such as Escorts and DCM. At that time he had considerable backing from members of the Indian Government.

TransCanada plans offering

BY OUR FINANCIAL STAFF

TRANSCANADA Pipelines, the diversified energy group, plans to raise up to C$300m (US$217m) from an offering of units consisting of one common share and half a common purchase warrant. The unit price was not disclosed.

About C$150m of the offering will be made in Canada and Bell Canada Enterprises will be invited to purchase enough units to maintain its 48.2 per cent ownership.

A previous plan to issue common stock in Europe and North America has been withdrawn.

TransCanada said proceeds from the issue, which it expects to be completed by July 15, would be used to reduce debt in its oil and gas operations

INTERNATIONAL COMPANIES and FINANCE

Clare Pearson on a radical shift in debt new issue procedures

Swiss Big Three in a quandary

RADICAL changes in Swiss capital market procedures announced by the National Bank last month have left major banks in a quandary.

The seemingly simple step of abolishing the distinction between public bond issues and private placements has raised new questions about fee structures in the primary market and the need for issuers to publish prospectuses.

Previously the maximum maturity on private placements was eight years and the minimum denomination was SFr 50,000. This effectively kept retail investors out of this market. Instead they preferred to buy publicly-listed bonds which carry minimum denominations of only SFr 5,000 and no effective maturity limit.

At a stroke, however, the Swiss National Bank has opened the door to long-dated low-denomination private placements. These are potentially attractive to borrowers because the fees on private placements are lower.

Despite the radical implications of these changes, Swiss bankers have so far responded with a conspicuous silence. The weak state of the market overall has to some extent given them a reprieve. There is speculation, however, that failure to state policy decisions may be leading bankers to turn away potential issuers.

The so-called Big Three banks, Union Bank of Switzerland, Credit Suisse, and Swiss Bank, have held several meetings on how to operate the new regime which are thought to have ended in disagreement. While they expect to agree on new issuing techniques at their executive meeting in mid-July, they are making no promises on this.

Borrowers may be as much deterred by the threat of slower procedures and higher transaction costs as encouraged by the prospect of greater flexibility over maturities. The banks' prevarication therefore carries a risk of permanent loss of business from Switzerland, some bankers warn.

Meanwhile the field is wide open for one of the foreign or smaller Swiss banks to set a precedent in issuing technique, to the embarrassment of the Big Three.

What in the longer term the changes mean for the volume of private deals as against public offerings depends on how important the retail investor continues to be in the market. In recent years, the volume of notes issues has been way in excess of public bonds.

Until the changes announced by the National Bank at the end of May, private placements or notes had to be deposited with an issuing bank or else the Swiss Securities Clearing Association (Sega). This "professionals only" character has kept fees lower than those on longer-dated, SwFr 5,000-denominated, listed bonds.

Yet increasingly secondary trading has grown up in private deals, "semi-public" placements where issues are advertised though not listed. With distribution no longer limited by issuing bank or Sega deposits, it is in theory now possible for a 15-year low-denomination actively - traded note to be launched.

In practice, however, the scope for such an issue is likely to be limited. Since investors are suspicious of long-dated unlisted paper, documentation might have to be comparable with a listed deal. Costs therefore might turn out to be higher than for a comparable public bond.

The likelihood is that there will be a small niche in the market for such instruments, but most Swiss bankers feel the net effect of the changes will rather be the growth of a short-dated public bond market. This is, however, currently limited by low interest rates, reducing borrowers' desire to launch short-dated paper.

If an all-embracing public bond market develops, the notes market may dwindle to a specialised area with instruments of SFr 50,000 denomination and limited disclosure.

From the point of view of the major banks, however, the drawback to an all-embracing public market would be the requirement for issues to carry a prospectus. This is a time consuming and costly business. The absence of prospectus requirements has enabled the private placement market to flourish in recent years with banks launching deals for a myriad of smaller Japanese companies which were often little known outside Japan itself.

The Swiss National Bank has long been concerned that the lack of prospectus requirements on private placements was a weak point in Swiss investor' protection rules. When it announced the bond market changes in May, Dr Markus Lusser, vice-chairman of the Swiss National Bank, warned that this might still have to be taken up by the Federal Banking Commission.

The Big Three profess themselves in no hurry to explore new possibilities for the moment. They point to the failure so far of other banks to launch a revolutionary deal as evidence of the market's intention to continue as normal.

Borrowers will continue to wish to take advantage of the Swiss market's low interest rates and dependable retail demand, they say. "We shall find a balance very soon," one banker said. In the end, however, the changes of last month may force them to acknowledge defeat on the prospectus question. "We shall simply have to write more prospectuses," he added.

FOREIGN ISSUES IN THE SWISS CAPITAL MARKET

	1981	1982	1983	1984	1985	1986*
			SFrbn			
Public bonds	7.58	9.97	10.29	11.15	16.85	9.83
Private placements	11.85	17.71	20.68	19.34	19.13	7.37

* First four months onlq.

Source: Swiss National Bank

December start for Tokyo offshore banking centre

BY YOKO SHIBATA IN TOKYO

TOKYO'S offshore banking centre, a market for tax-free transactions between non-residents, will start up at the beginning of December following government approval.

The launch coincides with the implementation of Japan's revised foreign exchange and foreign trade control laws which will allow both Japanese and foreign banks to open accounts for non-residents.

To qualify for the new market non-residents have to be either foreign corporations or the overseas arms of authorised Japanese foreign exchange banks.

The Japanese authorities will insulate the new market from the domestic market to prevent offshore funds from having an adverse effect on domestic financial practices. The Ministry of Finance will ban the reflux of funds from the offshore to the domestic market, the issuance of certificates of deposits (CDs) through special offshore accounts, and the holding of negotiable securities issued by non-residents.

The minimum deposit period and amount for non-banks on the offshore market will be set at two days and Y100m ($614,062) respectively.

British Aerospace to sell commercial paper in US

BY OUR EUROMARKETS CORRESPONDENT

BRITISH AEROSPACE is to start selling commercial paper in the US. It has appointed Goldman Sachs to act as dealer for a $100m programme which has received the top A1-P1 rating from Moody's and Standard & Poor's, the US credit rating agencies.

Tapping the Eurocommercial paper market, meanwhile, are Eksportfinans, the Norwegian export credit agency, with a $400m programme and the State Energy Commission of Western Australia (SECWA) which is to raise up to $200m.

Morgan Guaranty is arranging the Eksportfinans programme for which other dealers will be Credit Suisse First Boston, Merrill Lynch and Morgan Stanley.

SECWA's paper will be issued in minimum denominations of $50,000 for maturities ranging from one week to one year. It will be evidenced by a global note which means that only one central note will be issued for each tranche raised and investors will not be able actually to take delivery of the paper. Dealers will be CSFB and Citicorp.

Novel FRN from Mass Transit Railway

By Peter Montagnon, Euromarkets Correspondent

HONG KONG'S Mass Transit Railway (MTRC) is to launch a novel HK$600m financing in the local capital market designed to convert floating-rate notes into what are effectively fixed-interest funds.

Mandated to Lloyds Asia and Manufacturers Hanover Asia, the five-year deal carries on the tradition of innovation which has become the hall-mark of the MTRC in the Hong Kong financial market.

It is divided into two portions, one of which pays interest at a margin of ¼ per cent over the interbank deposit rate for Hong Kong dollars (Hibor) and the other at 17 per cent minus Hibor.

Adding up the total interest costs for the two transactions produces a fixed-rate of 8⅝ per cent as the Hibor charge on the first tranche is offset by the rate structure of the second tranche.

Approval for the transaction is still needed from the territory's Securities Commissioner. Lloyds said yesterday that the structure of the second tranche, known as a "bull FRN" was a well-known instrument in the Euromarket.

Theoretically its attraction lies in the structure which produces a higher interest rate return as rates fall. This can help investors hedge against falling returns in fixed-rate markets, but the relatively few issues in the Euromarkets have not proved particularly successful.

In the case of the new deal, the bulk of which is expected to be placed locally, demand could be boosted by present interest rate levels in Hong Kong as well as the fact that a recent prepayment by the MTRC of a HK$400m, 9¼ per cent debenture as well as a planned early redemption of HK$1bn floating-rate note have created a shortage of paper.

Hibor currently stands at around 6½ per cent, which means that the initial interest payable on the second tranche stands to be just over 10 per cent which is well in excess of the level available on fixed-rate finance.

The risk is, however, that this return would fall very quickly in the event of any sharp upturn in money market rates.

Nippon Life hit by yen's appreciation

NIPPON LIFE Insurance of Japan has reported a Y62.2bn ($375.8m) appraisal loss in the year to March, mostly on its non-yen bond holdings and due to the yen's steep appreciation against the dollar, Reuter reports from Tokyo.

It also recorded a Y87.3bn capital loss, but both losses were offset by a Y165.3bn capital gain from the sale of some assets.

The Ministry of Finance has advised insurers to pay off their appraisal losses resulting from the yen's rise in three years, but the company said it plans to complete the adjustment within the current year.

Nippon Life said its total assets increased 17.4 per cent to Y12,600bn at the year-end from Y10,730bn. Premium income advanced by 20.9 per cent to Y3,293bn.

The net surplus for the year, which will be paid as a dividend to policyholders in the current year, increased by 6.8 per cent to Y604.2bn from Y565.6bn.

Because of recent worldwide interest rate falls, the company has decided to cut the rate of dividend payment to policyholders. The average annual return on five-year savings-type life insurance will fall to 8.17 per cent from 8.55 per cent.

US QUARTERLIES

ALEXANDER'S
Department stores

Third quarter	1985-86 $	1984-85 $
Revenue	105.3m	101m
Net loss	532,000	820,000
Net per share	0.12	0.18
Nine months		
Revenue	410.9m	408.9m
Net profits	3.2m	4.2m
Net per share	0.72	0.94

PAYLESS CASHWAYS
Road haulage

Second quarter	1985-86 $	1984-85 $
Revenue	428.5m	376m
Net profits	15.8m	13m
Net per share	0.46	0.39
Six months		
Revenue	703.3m	631.4m
Net profits	18m	14.6m
Net per share	0.52	0.44

WEST POINT-PEPPERELL
Textiles

Third quarter	1985-86 $	1984-85 $
Revenue	490.8m	307.9m
Net profits	10.8m	11.1m
Net per share	0.74	1.08
Nine months		
Revenue	1.3bn	898.6m
Net profits	35.7m	19.3m
Net per share	2.67	1.87

WORTHINGTON INDUSTRIES
Steel products

Fourth quarter	1985-86 $	1984-85 $
Revenue	[illegible]	[illegible]
Net profits	[illegible]	12.6m
Net per share	0.62	0.48
Year		
Revenue	754.3m	700.7m
Net profits	42m	38.6m
Net per share	1.52	1.40

Hill Samuel introduces first step-down floater

BY CLARE PEARSON

THE FLOATING-RATE note (FRN) sector was introduced to a new issuing structure involving declining coupons, and dubbed the "step-down FRN," yesterday. Both merchant bank Hill Samuel and Spanish Banco de Bilbao issued debt incorporating this feature.

The step-down structure is designed to provide a more generous spread over London interbank offered rate (Libor) during the initial years of the bond's life than would be available on a "straight" FRN for a comparable borrower.

While the investor's return is reduced in later years, he has at least locked into a return over Libor. Recently, in view of the dramatic decline in coupon levels of new issues of FRNs, many bonds giving a generous spread over Libor have been called by borrowers.

Hiss Samuel, as a merchant bank rather than a large commercial bank, has in the past found investor's dubious about its perpetual debt. This structure therefore represented a means of overcoming expected resistance to its 30-year paper. Banco de Bilbao's offering was less generously priced. Dealers were surprised at the coincidence of the two deals.

Hill Samuel's $100m bond pays ½ point over six-month Libor during its first five years, ¼ points over during the next five years, and ⅛ point over for its past 20 years, during which time it is callable at par. Fees total 50 basis points. Salomon Brothers International, the lead-manager, reported strong demand at trading levels close to the bond's par issue price.

Sanwa International, who led Banco de Bilbao's $150m 15-year bond, priced it with a coupon of 3⅛ basis points over six-month Libor during the first six years and 1½ basis points over during the next six years. The bond pays Libor flat during the past three years, but is puttable in the year 12. It may, however, be called after two years.

In the light of Hill Samuel's bond, dealers thought these terms tight, although Sanwa International said they had seen demand at discounts to issue price within the 10 basis point fees.

Due to a computer fault it has not been possible to publish yesterday's international bond prices.

After Monday's flurry of new issuing activity, the fixed-rate dollar sector turned quiet yesterday. Dealers said the market was cautious ahead of New York's reaction to today's revised US GNP figures.

Only one straight fixed-rate deal was launched, for DKB Asia, the Hong Kong merchant banking subsidiary of Dai-Ichi Kangyo. The $100m five-year bond was priced with a coupon of 8½ per cent and a 101½ issue price. This gave a yield margin over US Treasury bonds at issue of 80 basis points. Dai-Ichi Kangyo International led the deal.

In the equity-linked sector, Credit Suisse First Boston launched a convertible bond for American General, the US insurance company.

Terms on the $250m 20-year par-priced bond will be set at the end of the month, but the coupon is indicated at between 6 per cent and 6½ per cent. The conversion price is expected to be $52, against a closing price of $40⅜. There is an investor's put option after seven years at par.

Union Bank of Switzerland launched a C$100m 9¼ per cent five-year bond for Royal Trustco. The bond was priced at 101.

In the sterling FRN market, Hambros Bank in conjunction with brokers Fulton Prebon International, launched a £25m seven-year bond for Britannia Building Society. This will be fully interchangeable with a £75m FRN launched last October. The coupon was set at ⅛ point over three-month Libor and priced at 100.05.

Swiss franc bonds closed easier in quiet trading. Rises in major banks' time deposit rates are likely to keep short-term rates high till the end of the month, dealers noted. One new issue, for Asian Development Bank, traded for the first time. The SFr 100m 5¼ per cent bond was quoted at 98¼, against a 99½ issue price.

The D-Mark market was closed for a public holiday.

Fixed-price Bulldog for EIB

THE EUROPEAN Investment Bank (EIB) yesterday borrowed £90m in the sterling domestic market with the first Bulldog bond issue issued at a fixed price.

This is a departure from the usual practice of launching Bulldogs at an indicated yield margin over gilt-edged stocks, and pricing them later, which leaves borrowers exposed to a market downturn. With a fixed-price issue, the entire market risk is taken on by S G Warburg as sole purchaser of the deal. Rowe & Pitman, S G Warburg's stock-broking arm, will place the issue.

The 15-year bond has a 9 per cent coupon and issue price at £94.45, of which £30 is payable now. At £94.45, the bond yields 9.7716 which represented at launch a 35 basis point margin over yields of comparable gilt-edged stocks.

To comply with current Stock Exchange requirements, which will disappear when dual-capacity trading in the Bulldog market is introduced, the EIB will make available to jobbers a further £10m of the issue. An initial £1.5m was supplied yesterday. Previously, the required 10 per cent market tranche has been clawed back from investing institutions.

This is the second recent Bulldog for a sovereign or supranational borrower arranged as a placing rather than an offer for sale, which has been the normal route. S. G. Warburg led a £50m placement for Portugal last month.

Dual-Capacity trading in Bulldog bonds, which should be introduced ahead of the Big Bang this October, will eliminate the advantage to a supranational or sovereign borrower of the sale route, which gives their bonds the finest (gilt-edged) fixed secondary market commissions. A placing is both cheaper and less cumbersome than an offer for sale.

INTL. COMPANIES & FINANCE

Rupert Cornwell on the man at the top of Schloemann-Siemag

Weiss dynasty finds role in China

IF YOU WANT to make it to the top in West German industry when you're young, it helps to have a family firm. That is one of the lessons of the career of Heinrich Weiss, head of Schloemann-Siemag (SMS), the steel plant and processing supplier. Another is that panache and some political awareness also help.

Mr Weiss is today, at the comparatively young age of 43, one of the industry's leading spokesmen. If anything, with his thick curly hair he looks younger still—and a penchant for smoking substantial cigars somehow serves only to underline the fact.

Excellence

Schloemann-Siemag has annual sales of only about DM 1.7bn: and can be said (although Mr Weiss will never say so) to be merely a part of the country's largest engineering concern, Gutehoffnungshuette (GHH), which owns 50 per cent of its equity. Yet the undoubted allure SMS has acquired, in a sector not noted for its glamour, is as much a reflection of its chief executive as of its intrinsic excellence.

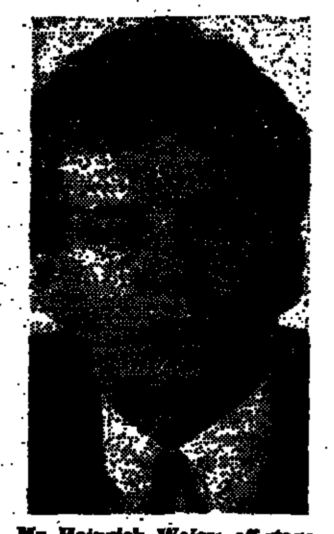
Today Heinrich Weiss is not only deputy chairman of the VDMA, the umbrella organisation for the engineering sector, with its annual turnover of some DM 160bn. He also heads the influential economic council of the ruling Christian Democrat party (CDU), a position which makes him an off-stage adviser of Chancellor Helmut Kohl, which is of some significance.

As such he is a perfect salesman of the Germany which Mr Kohl would like to project: modern and energetic, successful and untrammelled by the past. Mr Weiss, who combines all that with an engaging charm, certainly fits the bill. In fact, though, he is hardly a newcomer to the business scene, and over a century of industrial history has ordained that he should be where he is today.

It was 1871 when Carl Eberhard Weiss, great-grandfather of Heinrich, founded the forging works which were to become today's SMS. Heinrich Weiss, after studying as an engineer in Munich, took over the running of a subsidiary, Siemag-Machinenbau, in 1967, at the age of just 25. Four years later he succeeded his father Bernhard at the helm of the parent, Siemag AG, and events moved swiftly.

In 1973, Weiss merged Siemag with Schloemann AG, a subsidiary of GHH, thus gaining access to a worldwide market for its products. The DM 81m capital of Schloemann-Siemag is divided equally between GHH and the Siemag Weiss foundation, controlled by Heinrich and two of his three sisters. But SMS, in management terms, is entirely independent, as he is always at pains to point out.

The years which followed saw further diversification. In 1977 SMS acquired Battenfeld, the plastics machinery concern, and expanded into the US by taking over first Sutton Engineering of Pittsburgh in 1979, and four years later Concast Inc of Montvale, New Jersey.



Mr Heinrich Weiss: off-stage adviser of Chancellor Kohl

But Weiss's most recent claim to fame derives from the opposite end of the world: SMS's feat in securing in October 1984 a DM 1.3bn contract for a hot-rolling mill in Baoshan in China.

The deal was not only a symbol of the ability of Weiss the salesman to fight off the fiercest competition from Japan and elsewhere. The go-ahead, after years of delay, also marked in dramatic fashion China's determination to open up and modernise its economy.

The contract, for which SMS fought for several years, earned its chairman the nickname of "China-Weiss"—tribute in part to the passion which he has brought to developing wider economic links between West Germany and China, in yet another of his jobs as chairman of the China Group of his country's industry federation.

Not surprisingly, Weiss has little time for leisure interests, but one love of his, flying, has served him well. He logs about 180 pilot hours a year and says: "Flying is the only hobby which doesn't waste time, but saves it."

Guarded

What tantalises now, however, are Weiss's exact political ambitions. Some have tipped him for an economic portfolio in a Christian Democratic government of the future. In 1983, it is said, he tried to win a safe place on a CDU list for that year's Bundestag election, but without success. However, Weiss himself is guarded about his plans and so far there have been few firm clues that he will make a new attempt, for the 1987 federal election.

Many expect that at sometime he will make a pitch for public office of some sort. The party certainly could use his fresh ideas and an appeal which would naturally translate into the political arena.

But the conservative CDU, it could be said, is hardly more noted for encouraging youth and panache than is West German industry. Or, more charitably, after its experiences with the rebellious CDU leader, Franz Josef Strauss, himself a keen flier and world traveller, the party is perhaps understandably suspicious of highly-visible men who are pilots and are keen on China.

Bombardier nears decision on mini-car

BY ROBERT GIBBENS IN MONTREAL

BOMBARDIER, the Canadian heavy transit equipment, snowmobile and defence products group, has reached the design stage in its mini-car project and is negotiating a joint venture agreement and technology transfer with Daihatsu of Japan.

A total of C$16m (US$ 11.5m) will have been spent on feasibility studies by year-end when the final decision on a go-ahead for the mini-car will be taken, Mr Laurent Beaudoin, chairman, said

The project would require investment of nearly C$500m and would lean heavily on Canadian component suppliers. It would attract sizeable grants from Ottawa and Quebec.

Mr Beaudoin said Bombardier was near a breakthrough in the sale of the first monorail system in the US, and was actively bidding for more New York transit car orders to follow up the C$1bn contract being completed in 1988.

Chicago and other US cities will also provide business and Bombardier expects to ship a C$350m order for bi-level cars for VIARail in Canada shortly.

Bombardier has bought 45 per cent of Constructions Ferroviaires et Metalliques of Belgium from Belgium's Societe Generale group and will use its technology and financing resources to gain world orders for transit equipment. Major upgrading of manufacturing operations is planned for the Austrian engine and tram plants.

Mr Beaudoin said Bombardier was strong enough financially to handle both the car project and the possible takeover of Canadair, the Montreal aircraft and defence products group.

Before the 1973 energy crisis, Bombardier was building snowmobiles at a rate of 200,000 a year and has the management and know-how to control a car joint venture. It would also be buying sound management if its bid for 100 per cent of Canadair goes through.

INTL. COMPANIES & FINANCE

The Limited sets a hot pace for America's specialist retailers

BY WILLIAM HALL IN NEW YORK

LES WEXNER, a 49-year-old businessman from Columbus, Ohio, spent most of last Saturday walking around Harrods, Peter Robinson, Marks and Spencer and other London department stores. He has been coming to London for years and says he likes nothing better than just being left to poke around London's shops.

Pass him in South Moulton Street or Bond Street and he could easily be mistaken for just another American tourist doing some last-minute shopping. But Mr Wexner is on business. Last Saturday was no different for him than any other day in a foreign city as he combs the world's fashion districts for ideas to feed into his rapidly growing US retailing empire, known as The Limited.

The Limited—named because it started by stocking only a limited range of moderately priced women's sportswear—is the largest and fastest growing fashion chain in the US and Mr Wexner, a rather shy bachelor, is well on the way to dominating the $50bn-plus women's clothing business.

The son of a Russian immigrant, Mr Wexner got into the rag trade in 1963 by borrowing $5,000 from his Aunt Ida after he fell out with his parents about how to run the family store in Columbus. Shortly afterwards his parents admitted their error, joined forces with their son and six years later The Limited went public.

Since then, Mr Wexner has hardly looked back. Today he has a chain of around 2,500 stores across America and expects to double the number within the next five years. Boosted by acquisitions, sales have risen more than six-fold over the past five years to $2.4bn and earnings per share have grown at a compound average growth rate of 57 per cent per annum. Analysts talk of earnings growing by 40 per cent a year for the foreseeable future and expect sales to top the $5bn mark in less than five years.

The Limited is the most successful example of the new wave of specialist retailers which are sweeping across the shopping malls of America and threatening the survival of some of the traditional department store groups. Others include, the GAP—a Californian retailer best known for its Banana Republic stores—and Italy's Benetton chain. All of them are feeding on the seemingly insatiable appetite of American women for affordable, exciting clothing.

FIVE-YEAR TRACK RECORD

	Sales $m	Net income $m	Stores
1981	364.9	22.4	430
1982	721.4	33.6	825
1983	1,085.9	70.9	937
1984	1,343.1	92.5	1,412
1985	2,387.1	145.3	2,353
1986*	3,000.0	200.0	2,700

* Estimates

Today, The Limited probably sells more women's clothing and accessories than any other merchant in the US, including such retailing giants as Sears Roebuck and J. C. Penney. Its recently established mail order catalogue business, selling women's clothing, is already the third largest of its kind and is aiming to be number one.

The Limited first caught the attention of the American woman with small stores in suburban shopping malls carrying moderately priced fashion aimed at the 20-year-old to 40-year-old age bracket. This was followed by The Limited Express chain, aimed at the teenage market, Lane Bryant to cater for the larger woman and Sizes Unlimited to sell what one magazine calls "cheap fat clothes." Next came Victoria's Secret, a fast growing chain which specialises in intimate female apparel, Lerner Stores, a 750-strong chain discount women's store, and finally Henri Bendel, a Manhattan store which is the epitome of New York chic and was acquired by The Limited shortly before it opened its glitzy flagship store on Madison Avenue late last year.

The Limited's success—$1,000 of shares bought when the company went public in 1969 would now be worth around $1.8m—has made Mr Wexner one of the world's wealthiest men. His near one-third stake in his company is worth around $1.7bn at current market prices. His mother, who sits on the board, owns shares worth another $300m. The rest of The Limited's 25,000 staff, who are known as associates, own more than 20 per cent of the company and include more than 50 millionaires among their number.

Apart from an unsuccessful $1bn-plus bid two years ago for Carter Hawley Hale, the slumbering West Coast department store group which owns luxury stores like Neiman-Marcus and once had a large stake in Harrods, The Limited has scarcely put a foot wrong. It is one of the hottest stocks on Wall Street and Mr Wexner is hailed as a retailing genius. Mr Tom Peters, one of the authors of the best-selling management book "In Search of Excellence," is a fan of Mr Wexner and says that his kind of speciality retailing makes "high technology look like child's play."

Mr Les Wexner: dubbed as a "rag trade revolutionary"

Mr Peters argues that Mr Wexner should be put in the same sort of management pigeonhole as men like Mr Tom Watson of IBM and Mr Ray Kroc of McDonald's, the fast food chain. Mr Walter Loeb, a retailing analyst at Morgan Stanley, is not quite as gushing about Mr Wexner's skills, but he says that The Limited, along with companies like Wal-Mart, the discount supermarket group, and Toys "R" Us, the children's toy chain, is nonetheless currently one of the most exciting retailing companies in America.

The New York Times recently dubbed Mr Wexner as a "rag trade revolutionary" and said that "in an industry showing signs of arterial sclerosis, he has developed a more limber form of fashion retailing—an empire vertically integrated like a major oil company, standardised like a fast food chain."

One of the keys to The Limited's success has been its ability to bypass the slow moving production and distribution system of the traditional retailing industry. The group gained a big advantage over its competitors when it bought Mast Industries in 1978, which gave it access to a network of low cost non-union factories, mainly in the Far East.

This gives The Limited the ability to respond much more quickly to changes in fashion than its rivals. An average of three Boeing 747s are needed each week to bring The Limited's merchandise into the US. The garments are then processed through the company's newly-built world distribution centre in Columbus where a young workforce handles over 1m units a day to the non-stop sound of beat music.

However, The Limited's biggest advantage has been its ability to detect and exploit seemingly fickle changes in female fashion. In 1983 it dropped the pretty look and filled its stores with the Italian designer look. The clothing was made in the Far East, but named after a fictious Italian designer, Forenza. The Limited sold over 3m of its Forenza shaker knit sweaters last year alone.

While The Limited is not above imitating other people's designs, Mr Wexner stresses that knowing when to add or drop merchandise makes speciality retailing far more of an art than a science. He believes that this is where specialist stores, like The Limited, have a big advantage over the department stores with their long lead times.

However, The Limited does not leave too much to chance and regularly test markets its products before launching them nationally. With the help of powerful computers at the Columbus headquarters, Mr Wexner and his buyers can tell very quickly which items are moving well or badly.

These factors, combined with an uncanny skill in motivating its workforce, picking the right retail sites and making a success of several unpromising acquisitions, explain why The Limited has been accorded a premier rating on Wall Street and why several analysts argue that the company is one of the best-run companies in American industry and not just retailing.

Mr Wexner's ambition to expand his business shows no sign of abating, which makes some analysts nervous that the group's recent dramatic growth record cannot continue unscathed.

Scanner behind surge at Oxford Instruments

FURTHER STRONG growth through the second six months enabled the Oxford Instruments Group to lift its profits for 1985-86 to £17.22m pre-tax, an improvement of 88 per cent over the previous year's £9.16m.

All operations showed profit gains and all group markets attained growth.

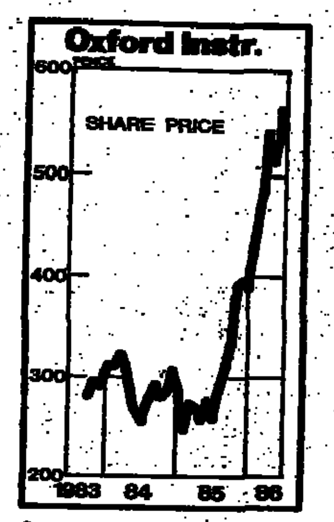
Around half the profits came from the body scanner magnets side and half from the scientific medical and analytical equipment operations.

The current year started with a healthy order book and the directors say the success achieved in the development programme last year should be translated into new business in 1986-87.

Additional employees have been recruited to allow the group to produce at higher volumes and to strengthen its sales and development activities.

The balance sheet is strong and in all, the directors are looking for another successful year.

The year to March 30 1986 saw group turnover rise from £59.13m to £75.91m. Sales outside the UK increased to £70.3m, representing 93 per cent of turnover. Exports from the UK amounted to £64.6m (£46.3m) —the group's principal activity is the manufacture of advanced instrumentation.



Operating profits emerged at £13.99m (£7.89m) to which interest added £402,000 (took £220,000).

The share of profits of Oxford Superconducting Technology of New Jersey amounted to £2.71m (£2.01m) and Furukawa Oxford Technology (49 per cent owned) swung from losses of £517,000 to profits of £118,000.

Group tax accounted for £7.02m (£3.73m) and left the net balance at £10.2m, compared with £5.43m.

Earnings came through at 22.9p (13.2p) and a final dividend of 1.2p (0.8p) makes a total of 1.8p net, up from 1.2p.

The directors say the dividend is in line with the policy of retaining the bulk of profits in order to finance future product development and growth.

The group's long-term strategy has been to accelerate the growth of its businesses in scientific, medical and analytical instrumentation and the directors say further progress was achieved towards this objective during the past year, with very substantial increases in profitability in all these areas.

The business of diagnostic imaging also continues to contribute a large part of the group's profits, and showed the benefits of a full year of manufacturing in the Eynsham plant.

Against this background it was decided to buy out the BOC share in the Oxford Superconducting Technology partnership. The purchase was completed shortly after year end, principally by a vendor placing of 1.59m shares.

Last month the group acquired Analytical Marketing, the US distributor of its analytical instruments, and thus consolidated its position in this important market.

See Lex

Plaxtons hit by privatisation

THE IMPENDING deregulation of state carriage services and privatisation of the National Bus Company have had a serious effect on Plaxtons (GB), the coach body builder and services operator. Profits for the first half of 1985-86 slumped from £402,000 to £62,000.

Figures to the end of March show a loss of £295,000 against a profit of £77,000 from its main activity.

The directors retain their confidence in the longer term outlook for the group, which retains a strong financial base. The dividend is held at 1.5p on earnings per share of 0.5p, down from 1.9p.

Yelverton rights

Yelverton Investments, the USM-quoted investment company, is raising £1.74m via a one-for-two rights issue of 4.59m shares at 38p each.

The company also announces that profits before tax for the six months to end-April 1986 fell from £17,000 to £6,000.

The rights is not underwritten but Husted International, a company controlled by Mr H. D. Clarke, chairman of Yelverton, will, subject to approval, subscribe for 38.7 per cent of the issue.

Cullen's shares slide on higher than expected loss

Cullen's Holdings, the groceries and off-sales chain run by three former Imperial Group executives, saw its shares fall by 25p to 215p yesterday on the announcement of higher than expected losses in its first full year of trading under its new regime.

The result for the year to March 2 1986 was a deficit of £1.75m pre-tax, compared with a forecast loss of £1.4m at the time of the £5m rights issue last February. The company has also failed to meet the forecast extraordinary profit of £2.1m — below the line credits came to just £1.31m.

Mr Peter Matthews, the chairman, says that certain costs relating to the restructuring and development of the business were not fully recognised at the time of the rights. Fifty-six properties have been sold and stock valued at £1.3m realised, raising £7.1m.

The extraordinary items results from the sale of the Battersea warehouse and off-licences, the Dorking warehouse and distribution centre, and other properties. Obsolete fixtures and fittings have been written off.

Turnover for the year was £22.4m. After tax credits of £67,000 the loss is £1.69m or 15.92p per share. The loss for the period came to £382,000 after the extra ordinary item. There is no dividend.

● comment

The shift from being a chain of mini-Fortnum & Masons towards more orthodox delicatessen culture (but still within a genteel framework) is clearly going to take a bit longer than was thought in February when the £5.1m, fully subscribed rights issue was made. At the time the company's relatively small number of shareholders happily accepted forecast losses — if on a more modest scale. But yesterday they were not as well disposed and a wave of selling wiped 25p off the price, which fell to 215p. However, this is still ahead of the 200p subscription level and the more aggressive management (which has almost totally changed at all levels since early 1985) is trying to keep the faithful in line. New store openings this year should total 40 and an ex-Marks & Spencer executive has been brought in as a director in charge of buying and merchandising. Thanks to the rights proceeds, Cullen's has no debt and the shops are generating cash. The fear has to be that the instore deli-bars in the big supermarkets get there first. Otherwise the new team deserves every chance to create a chain of upmarket corner stores.

Chorus of discord at Boosey meeting

By Martin Dickson

"HAD IT NOT been so hot today, I'd have dressed in black," declared Mrs Haig, a shareholder in Boosey & Hawkes, the loss-making music publisher and instrument manufacturer, to a highly discordant annual general meeting yesterday.

Her dissatisfaction with the company's performance was chorused by many other of the 100 small shareholders who gathered at London's Charing Cross Hotel to cross-question directors about last year's £5m pre-tax loss (£32,000 loss in 1984).

And there were also calls for the company to open negotiations with Music Sales, a privately-owned music publishing company, which, with an impeccable sense of timing, announced on Monday that it would be prepared to bid £9.8m for Boosey, provided the board recommend the putative takeover.

Mr Ronald Asserson, who took over as chairman in late 1985 to oversee the group's recovery programme, told the shareholders that Music Sales had not made a formal bid for the company, though it had sent a letter containing its proposals to the board, which it would consider carefully.

He likened Music Sales' "rather curious antics" to a "tribal war dance on the hills." And he added that Carl Fischer, a private US music publisher that owns 50.1 per cent of Boosey's shares had made clear it would not accept a bid from Music Sales, should such a bid eventually be made.

Mr Asserson took over as chairman and chief executive when Mr Michael Boxford, the company's chief executive for the previous four years, was ousted in a boardroom coup. Mr Boxford is now associated with the Music Sales approach, with a proposed management buy-out of Boosey's instrument division.

Mr Asserson told the AGM that Boosey's board had now been strengthened, the company had good financial controls and would perform very well as a result.

But this did not satisfy Mr Kenneth Pool, one of the most persistent critics of the company's performance. Mr Pool, a former chairman of Boosey and senior Trustee of the Ralph Hawkes Will Trust, which holds 14.77 per cent of the ordinary shares, said: "We've been told that every year for the past three or four years and the same people are on the board."

He opposed the re-election of two of the company's directors, Mr Anthony Fell and Mr Ashley Raeburn, who was chairman until Mr Asserson's arrival, because they must "share collective responsibility for the appalling results."

The two were re-elected, but only after the shareholders forced one of several polls—covering all resolutions on the agenda—which punctuated the five hours of proceedings.

CML improves and sees further growth

CML Microsystems, a manufacturer of integrated circuits, returned profits of £1.54m pre-tax for the year to March 31 1986, an improvement of 14 per cent over the previous year's £1.35m.

The directors say indications for the current year are encouraging with a strong upward trend in orders in the opening months, and sales of new products ahead of expectations.

They add that the USM group has plans to introduce new added-value products and expand its market base. In all, satisfactory growth is looked for in 1986-87.

Meanwhile, the dividend for the past year is being stepped up by 0.4p to 1.8p net from earnings of 10.1p, against 9.9p, per 10p share.

Turnover totalled £5.85m (£5.78m). Tax took £632,026 (£469,815).

The group's balance sheet remained strong and cash reserves increased to £1.5m (£1.2m) after capital expenditure of £680,000.

Jason Crisp on the rise and fall of Apricot Computers

Bowing to an inexorable force

APRICOT COMPUTERS has finally bowed to the inexorable force of IBM.

The once high-flying British personal computer company which has just concluded the worst year in its 21-year history announced yesterday that it was launching IBM compatible computers.

In addition, Apricot is withdrawing completely from the mainstream personal computer market to concentrate on high priced systems costing between £4,000 and £40,000.

"We have made a strategic decision to get out of the volume market," said Mr Roger Foster, chief executive of Apricot. "That market has gone to pieces and it is going to stay that way."

The decision has been expensive and painful for the Apricot management.

Two factors made the decision almost inevitable. The price of all personal computers has been tumbling at an unprecedented pace — as much as 50 per cent in the past six months. This is mainly because demand is weak and the market is being undermined by cheap IBM clones from the Far East.

Second, IBM personal computers and the so-called clones from other companies which can run the same software, now dominate the market.

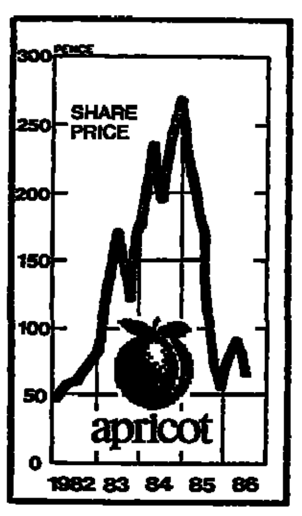
According to Romtec, a specialist consultancy, IBM and the suppliers of compatibles, saw their share of the UK market rise from 45 per cent at the beginning of 1985 to 68 per cent in the early part of this year.

Apricot is claiming its new products, called Xen-i, are completely compatible with IBM and have a higher performance than both IBM itself and the clones.

The cost of getting out the volume PC market and going IBM compatible is a £12.7m provision for restructuring in Apricot's preliminary figures brought forward to yesterday. This has to be added to the other disasters from earlier in the year.

Apricot is now banking that its new strategy will enable it to move rapidly back into profit this year.

Mr Roger Foster, chief executive of Apricot Computers



The new IBM compatible version of its top of the range Xen computer is being launched next week and Apricot is slashing the price of its other existing products—the F Series and the Xi.

Sales of the cheaper models had fallen sharply and Apricot has been dependent upon the Xen which has been very successful since it was launched last October.

One version of the Xi, which currently costs about £1,950 with a monitor, is being cut to £999 and another costing £2,350 is being reduced to £1,400. The lower priced F Series is being cut sharply as Apricot moves to clear stocks.

Apricot has two substantial hurdles to overcome. First it needs to sell to large companies and it needs to increase sales overseas.

Large companies have usually bought personal computers from the giants like IBM itself, Olivetti the Italian office products group, and Compaq, one of the most successful IBM compatible manufacturers.

Apricot believes that IBM compatibility will provide the critical boost for both corporate and overseas sales. Apricot has started talking to the large London dealers who sell to the corporate accounts about the new products. Many of these are in fact Apricot dealers but recently have not sold much of its products.

"Re-activating these sleeping dealers is the secret of getting into the corporate accounts," says Mr Foster who believes many companies will want to buy a British-made IBM-compatible system.

Mr Foster also hopes to reactivate overseas sales and distributors from 30 countries are coming to the UK this weekend to talk to Apricot about the new products.

Apricot is particularly keen on France and still has some hopes of returning to the US market indirectly.

Apricot now faces a considerable task rebuilding confidence with dealers, customers and the City. Late last year Apricot was hinting it would welcome a friendly takeover and is understood to have talked to several companies.

Now that most of the bad news is out of the way and it has gone IBM-compatible it would appear rather more attractive.

RESTRUCTURING PUTS APRICOT £15M IN THE RED

Apricot Computers incurred a £15.4m pre-tax loss for the year ended March 31 1986 compared with a profit of £10.6m in the previous year.

The loss followed substantial provisions for closure of subsidiaries already announced and a £12.7m provision to restructure the company.

During the year Apricot made trading profits of £4.2m, some 64 per cent less than £11.7m the year previously on turnover down by nearly £2m to £90.6m.

The £12.7m charge for restructuring came about because Apricot is launching a new range of computers which are IBM compatible. The sum mainly consisted of stock write-downs on its existing range. It also included write-offs of tooling and redundancy costs.

Apricot will not pay a final dividend as the profit and loss account is in deficit after the heavy loss. However, the company has net assets of £20.89m, including cash of £5.9m and no borrowings. This compares with net assets of £36.3m including cash of £9m on March 31 1985. But Apricot's cash position has improved since the half year results.

Stocks have fallen sharply from £24.5m to £10.2m reflecting the write-downs made during the year. At the time of the half-year results Apricot announced exceptional stock provisions of £5.88m mainly because of the failure of its portable computer.

Extraordinary items came to £4.13m. The cost of closing the West German operation was £1m. There was also a provision of £2.5m for its 19.9 per cent stake in Apricot Limited, the holding company of its US venture which was sold for a nominal sum earlier this year. Closure costs for AT Computerworld, a joint retailing venture with Tandy were £900,000.

Fenner passes £1m at halfway

DESPITE A difficult consolidation phase, which is nearing completion, and which should lead to more profitable trading in the future, J. H. Fenner (Holdings) reports an increase from £643,000 to £1.01m in pre-tax profits for the half-year to March 1 1986.

Mr P. W. Barker, the chairman, says the actions being taken are beginning to produce the desired improvements, but the full impact on results will not become apparent until the next financial year.

The interim dividend is being held at 2p net — last year a total of 5p was paid from pre-tax profits of £3.96m. Stated earnings per 25p share were lower at 1.68p compared with 1.96p.

Turnover of this power transmission engineer fell from £79.9m to £71.54m, but continued to expand on a comparable basis and in local currency terms. Currency weaknesses in the group's principal overseas trading countries have depressed the sterling value by some £7.5m on translation.

Comparison with the previous year has also been distorted by the subsequent disposal of the materials handling division with its associated turnover of approximately £9m.

Operating profits were slightly lower at £3.57m (£3.62m), and there were related companies debits of £171,000 against £458,000. Net interest charges were £2.39m (£2.52m), and the reduction arose from the sale of the materials handling business and lower working capital levels, although much of the benefit has been eroded by the generally higher interest rates prevailing throughout the period.

The asset disposal and reduction in working capital programmes are proceeding, and the group remains hopeful of securing further borrowing reductions through the completion of other transactions.

● comment

After months of cost cutting and disposals Fenner is on the road to recovery, yet reaching that road has taken far longer than anyone, least of all Fenner itself, ever expected. Orders from British Coal, which provided a quarter of profits before the miners' strike, have not yet returned to pre-strike levels, nor are they likely to, given the erratic pattern of ordering and Fenner's decision to cut capacity during the dispute. Losses from South Africa and India were all to predictable, given the state of the local economies, but the problems in the US — catalysed by a delay in the arrival of capital equipment from West Germany — were less predictable. Fenner's disposal and restructuring programmes have both been long delayed. Disposals are now nearing an end and the UK performance will be buoyed by the return to profit of the troubled power transmission division. Analysts reduced their profit projections for the full year when Fenner first broached the issue of a maudlin first half. The consensus hovers around £4.5m, producing a prospective p/e of 13 on a share price of 122p. The market had already discounted the shares in anticipation of these results, they are unlikely to fall further, yet nor are they likely to rise.

House sales boost for Countryside

THE DIRECTORS of Countryside Properties are looking for a sixth successive year of record profits following an increase of more than 50 per cent in the six months to the end of March 1986.

Mr Alan Cherry, chairman, says the completion of the M25 and the expansion of Stansted Airport will provide greater prospects in the area to the east of London where the company has a number of developments. The company is also expanding its property investment portfolio which will increase rental income to about £700,000.

The pre-tax result was achieved on turnover slightly down at £12.78m (£12.81m) made up of sales by the residential division of £10.1m, by the commercial division of £2.5m and rents of £164,000.

Earnings per share improved by 2.8p to 15.3p and the interim payment is increased from 2.03p to 2.25p on the enlarged share capital.

Mr Cherry says the market for new housing was exceptionally buoyant. New houses released recently sold quickly with people queuing overnight to make reservations at some sites.

He adds that last year's £7.8m rights issue will be of limited benefit in the rest of this year as the proceeds have been used mainly to buy new development opportunities.

The tax charge was £98,000 (£52,000) and dividends absorbed £202,000 (£122,000) to leave retained profit for the period of £1m, compared with £685,000.

GEI slightly higher at £4.5m

GEI International, the holding company with engineering interests, yesterday reported a slight rise in full year taxable profits from £4.27m to £4.51m. The result, attained on lower turnover of £68.85m against £71.72m, is the company's best for five years.

An unchanged final dividend of 3.91p is proposed, holding the total at 5.85p. Earnings per share for the year to end-March 1986 were 0.6p ahead at 7.9p.

GEI says that it has sold Cox Denholm, a maker of bakery ovens and associated equipment, and GEI Components, a maker of automatic turned parts. The latter made a little money but, says GEI, did not fit in with plans of concentrating on specialised engineering products.

The two special steel operations in Sheffield performed exceptionally well, the directors state. The packing machinery division operated profitably but below expectations, which has now been put to right.

GEI is contemplating acquisitions. Cash is not a problem it says, and it has agreed resource to a lot more.

Tax forthe year was virtually unchanged at £1.69m.

● comment

GEI International's figures fell somewhat short of what the City had come to expect in the wake of the 34 per cent advance at the interim stage and provoked an unseemly rush for the exit door, leaving the shares down 14p at 110p. Investors did not even have the decency to await their final dividend, a considerable sacrifice in view of the 7½ per cent yield. There are some good reasons for the indifferent performance: US steel sales dried up because of the shift in exchange rates, and packaging machinery profits were halved by development costs, so good performances elsewhere in the group were masked. The City's eyes, however, were on the £900,000 of extraordinary losses, the negative cashflow, the unchanged dividend and the failure to make the promised acquisitions. Its long wait for GEI's great leap forward has not been rewarded and its patience is becoming exhausted: and as far as acquisitions go, GEI is beginning to look more like prey than predator.

DIVIDENDS ANNOUNCED

	Current Payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Alexon Gp	2	Aug 29	1.2	3.25	2.2
Alphameric‡	1.15	Sept 10	0.7	1.5	0.7
Apricot Computer	nil	—	1.15	0.35	1.5
British Steam	5	—	4	7.75	6.25
Cape Industries	2	—	nil	2	nil
CML Microsystems‡	1.8	Aug 8	1.4	1.8	1.4
Countryside Props int.	2.25†	Sept 5	2.03	—	5.74
Feedback‡	nil	—	1.5	1.25	2.75
J. H. Fenner int.	2	—	2	—	5
GEI International	3.91	—	3.91	5.85	5.85
Goldsmiths Gp	5.5	—	5.5	7.5	7.5
R. Horne‡ int.	1.5	July 25	1.25	—	3.25
LMI	5.25	—	5.25	9.95	9.5
Meyer Intl.	3.8	Sept 5	3.45	5.75	5.25
Micro-Scope int.	0.53	July 31	0.53	—	1.53
Oxford Instruments	1.2	—	0.8	1.8	1.2
Parkdale Holdings	1.23	—	0.75	1.6	1
Plaxtons (GB) int.	1.5	—	1.5	—	4.5
C & W Walker	0.75	—	nil	0.75	nil

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

MicroScope lower

MicroScope reports a fall from £431,000 to £284,000 in pre-tax profits for the six months to April 30 1986. The interim dividend is unchanged at 0.53p net, and stated earnings per 10p share were 1.71p against 3.19p.

Turnover of this supplier of technical consultancy, design and development services for application of microprocessor technology, was marginally ahead at £1.86m compared with £1.73m. Tax was £102,000 against £130,000.

LADBROKE INDEX
1,328-1,334 (+5)
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UK COMPANY NEWS

Meyer recoups lost ground despite margin reduction

DESPITE CONTINUED pressure on margins Meys International more than made up a near £3m first half shortfall through the second six months and for the full 1985-86 year saw *its profits* rise by £1.76m to £32.08m pre-tax.

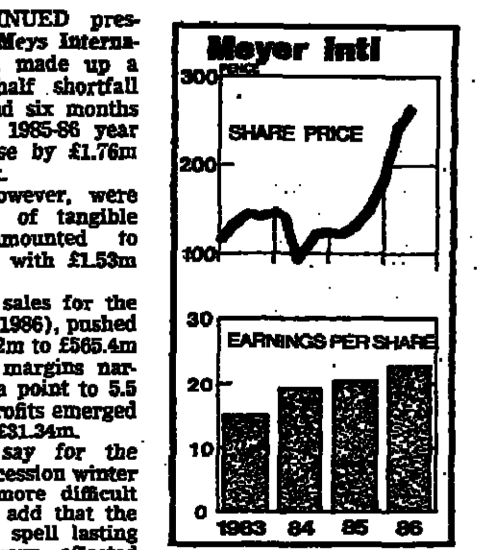
The results, however, were boosted by sales of tangible assets which amounted to £4.78m, compared with £1.53m the previous year.

Group external sales for the year (to March 31 1986), pushed ahead from £548.82m to £565.4m but with trading margins narrowing by 0.5 of a point to 5.5 per cent trading profits emerged £2.02m lower at £31.34m.

The directors say for the second year in succession winter conditions were more difficult than usual. They add that the exceptionally cold spell lasting throughout February affected trading adversely in the construction industry country wide and as a result the year finished less strongly than anticipated.

Looking ahead the directors say there is every indication of greater stability in prices of timber and the likelihood of rather more activity, albeit marginal, in the construction industry — Meyer is the US's largest timber group.

Provided there are no violent currency fluctuations they say prospects are set fair and with the anticipation of both housebuilding and housing repair, maintenance and improvement at a slightly higher level a "reasonable outcome" overall is looked for 1986-87.



Meanwhile, from earnings of 22.57p (20.44p) the final dividend for the past year is being stepped up from 3.45p to 3.8p making a net total of 5.75p, against 5.25p.

Interest charges were cut from £5.04m to £4.17m as a result of lower borrowings and tax took £10.33m, down from £10.62m. Net profits came through £2.05m higher at £21.75m.

There were extraordinary provisions of £1.38m (£145,000).

● comment

The timber trade has not had a good year and the fact that Meyer could announce increased pre-tax profits was a source of considerable relief to the City, and the shares pushed up 10p to 270p. The increase was in fact more than accounted for by property sales and the pension holiday which added some £4m. Nevertheless, timber prices are now picking up and *the construction indsurty should* benefit from lower mortgage rates and from any public expenditure increases wrung out of the Chancellor before the election. Jewsons should prosper from its extensive promotional campaign and this year will benefit from the acquisition of Powell Duffry Timber. With the rationalisation of Meyer's overseas interests eliminating both loss-makers and interest costs, there is room for profit growth to £36m this year. On a tax charge of 34 per cent, the shares are trading comfortably on a prospective p/e of 11, an adequate reflection of the group's growth potential.

Alphameric profits up 62% to over £2m

Alphameric has increased full year taxable profits by just over 62 per cent from £1.31m to a record £2.13m despite slack UK demand for its electronic keyboards.

Rapid growth in sales of advanced viewdata terminals and high speed information systems offset this lull so that the company's operations are now roughly equally divided between three distinct markets: terminals, keyboards and systems.

Turnover for the year to end-March 1986 expanded from £8.72m to £12.58m, yielding higher operating profits of £2.12m, against £1.37m, with margins up by just over one point to 16.85 per cent.

Mr Dougal Craig-Wood, the chairman, says that the wholly-owned subsidiary, Bishopsgate Terminals, practically doubled its sales of advanced viewdata terminals for the second year running.

Bishopsgate has already secured two contracts for dealing rooms in the City — at Kleinwort Grieveson and Barclays de Zoete Wedd — and yesterday announced a third; a £1m order for 160 desk foreign exchange system at National Westminster Bank's World Money Centre.

Mr Craig-Wood says that the overall market for such systems, where the advent of Big Bang is causing dealers to reassess their information requirements, is diverse and estimates that, in the City alone, annual investment in dealer information systems will be about £70m and rising.

Alphameric, which marks *its second anniversary as a* USM stock next month, is proposing a final dividend of 1.15p for a 1.5p total, more than double the previous year's single payment of 0.7p. Earnings per share were 87 per cent higher at 9.78p.

● comment

● Alphameric's figures were above the City's best expectations, and that combined with news of more big orders and the promise of "dramatic" progress took the shares ahead 15p to 180p. Sluggishness in the keyboards division and strong growth in terminals and systems has brought the group to the point where the three are roughly equal in turnover terms. They may not remain so for long, for although progress in France should buoy keyboards up in the current year, Bishopsgate Terminals is clearly looking ahead to further strong gains and the systems division already has orders on hand worth over £5m. Even a prudent view must suggest at least £2.8m of profits this year, putting the shares on a prospective p/e of 14 after a 35 per cent tax charge. This is probably as high as the rating will go until investors get over their nervousness about what will happen when Big Bang generated business dies out.

Final quarter fall leaves LMI at £7m

A SHORTFALL in the final quarter of 1985-86 left London & Midland Industrials, which in addition to its engineering and industrial operations also makes pre-fabricated buildings, with lower full year profits. These came to £7.16m pre-tax against £7.73m.

The downturn was due to four factors: the effect of poor winter weather on the home improvements business; US operations did not meet best estimates; one of the specialist product engineering companies unexpectedly lost two contracts; and there were losses on foreign exchange translation.

Mr C. M. Beddow, the chairman, says that despite the profit slip the overall current budget outlook is encouraging. New products have been well received and sales have started steadily. In particular, action is being taken to improve the profitability of the important US operations, but the chairman says that it is too early for any firmer forecasts to be made in the half year.

The company has started the new financial year with a strong balance sheet, with "first class" improvement in liquidity. Gearing has been reduced to 37 per cent, including finance lease obligations.

The dividend for the period to March 31 is raised by 0.45p to 9.95p with an unchanged final of 5.25p. Earnings per share came to 17.8p (17.1p) after a lower tax charge of £2.64m (£3.42m).

Turnover slipped from £82.08m to £80.33m, producing operating profits of £7.93m against £8.19m. Interest charges were higher at £1.4m (£1.13m) while income from investments fell £30,000 to £633,000.

An extraordinary charge of £883,000 (£163,000) relates to the disposal of the company shares in Allied Textiles, for which LMI made an unsuccessful bid last summer. The profit on disposal was not enough to cover the bid costs.

● comment

After a year of backward motion in pre-tax profits, the LMI board are certain to be reaching for their chequebooks to buy the growth their core business failed to achieve. And now that they have sold off stakes in Allied Textiles and Benford Concrete, they have the cash to do so. Home improvements should pick up as DIY enthusiasts take up the tasks they avoided during the miserable winter and the engineering division, profits up from £5.2m to £6.3m, should continue to show strong growth, though the impact of exchange rates. LMI has traditionally been a high-dividend payer and the increased payout puts the shares at 212p on a 6.7 per cent yield. Profits of £8m this year, on a tax charge of 37 per cent would put the shares on a prospective p/e of 11.5, roughly in line with the sector.

Insurance and hotels pull back Goldsmiths

Losses incurred in its hotel and insurance divisions resulted in pre-tax profits at the Goldsmiths Group falling from £1.62m to £857,000 in the year to February 28 1986.

The hotels division, which trades as Heritage Hotels and which was bought from Saga, the specialist holiday operator *for the over 60s, performed* according to budget and suffered losses of £212,000, the directors report.

The jewellery division achieved sales of £19.52m (£14.68m)—group turnover was down from £41.54m to £39.53m —with net profits of £1.8m (£1.43m.).

Turnover was down principally as a result of the disposal of the betting division to Corals.

Over £1m has been spent on modernisation of branches in the jewellery division, and these have already started showing significant improvement in both sales and margins.

Looking ahead, they say the hotel division has suffered from American cancellations, but the modernisation programme is well under way and is already producing new business.

The final dividend is main*tained at 5.5p for a same-again* total of 7.5p net. Stated earnings per 25p share were down from 14.47p to 10.88p on a net basis, and from 16.63p to 9.9p on a nil basis.

See Men and Matters

Alexon maintains progress and profits climb by 70%

SECOND HALF pre-tax profits at Alexon Group, formerly Steinberg Group, increased from £1.29m to £2.15m, and figures for the full year to March 29 1986 were ahead by 70 per cent at £3.46m compared with £2.04m.

Sir David Wolfson, the chairman, says there were a number of contributing factors for the higher profits and these included steadily improving trading in the Alexon branded fashion operation, resulting in a significant contribution to group profits, and continued good performance by Claremont Garments, whose major customer is Marks & Spencer.

But he says there were continuing losses at Hornsea, the pottery business acquired in 1984, in spite of improvements both in the order book and manufacturing output. Management there has been strengthened and the group is encouraged by consumer reaction to new contract merchandise.

High bank base rates, and borrowings that peaked in the year, increased the interest charges (less investment income) from £879,000 to £899,000.

The final dividend is increased from 1.2p to 2p net for an improved total of 3.25p (2.2p). Stated earnings per 10p share were 16.3p against 8.81p.

Group turnover for the year was £51.9m (£45.88m), with £26.39m (£22.73m) coming in the second half. There was a tax charge of £266,000 (£313,000), and after dividends of £641,000 (£435,000), retained profits came out at £2.56m compared with £1.07m, which included an extraordinary debit of £228,000.

British Steam rises 51%

A 51 per cent increase in full year profits from £3.71m to £5.62m pre-tax has been achieved by the British Steam Specialties Group, a supplier of pipeline equipment.

Sales for the 12 months to end-March 1986 were up by £10.34m to £76.61m and generated a higher operating profit of £6.29m against £4.43m.

Interest charges were £47,000 lower at £673,000.

Mr I. H. Phillips, the chairman, attributes the profit rise to an uplift in trading complemented by stronger management and marketing, and to investment over recent years in computerisation.

He stresses that a large part of growth was derived internally from "the rational extension of the coverage of our distribution business, both geographically and in product range."

Earnings per 20p share rose by 10.3p to 24.5p, providing treble cover for an increased dividend total of 7.75p against 6.25p. The proposed final dividend is 5p (4p).

After tax of £2.11m (£1.7m) and dividends of £1.11m (£893,000), retained profits are £2.39m compared with £1.12m.

On prospects, the chairman says that there are some areas where progress is not going to be easy but "we are aiming for usefully higher figures" to report next year.

Robert Horne ambitious to move to full market

Robert Horne Group, a USM quoted paper merchant, is considering a move to the full market. This was announced yesterday along with the group's half year results to March 31 1986, which show a slight rise in profit before tax to £4.42m, against a comparable £4.26m.

Mr Kenneth Horne, the chairman, says that it has been a difficult half year, with great pressure on prices and margins, but he is confident that the second half will show a more significant increase. The company has more new products in paper, prices are firmer and demand is good.

The interim dividend is raised from 1.25p to 1.5p on earnings ahead 0.83p at 8.58p. The tax charge fell from £1.86m to £1.74m.

Turnover was static at £82.49m (£81.2m), producing operating profits of £4.51m (£4.58m). Net interest took less at £92,000 (£223,000), as did minorities of £45,000 (£73,000).

● comment

Robert Horne may not be the largest paper merchanting company but its 7.2 per cent operating margin is the envy of most in the sector. In spite of a slight weakening in paper prices, organic growth should take the year-end pre-tax figure up to £9.5m which has the voting shares at 188p on a prospective multiple of 10. The company plans to move up to the main market but wishes to do so without unravelling the two-tier share structure — a family bull so one will easily grab by the horns. The hope no doubt is for a rating even better than the paper and packaging sector's 16 times forecast earnings — and higher valued shares would make acquisitions easier to conclude. After bowing out of the race for Marshall's Universal (which was seen at too pricey on a multiple of 20), Horne appears to be concentrating on the harder but perhaps more rewarding in the short-term prospect of unquoted companies. However, acquisition considerations aside, the forecast 19 per cent earnings growth makes the shares look inexpensive on anything less than a multiple of 12.

BOARD MEETINGS

TODAY

Interims: Anglia Television, Kleinwort Charter Investment Trust, Lookers, Y. J. Lovell.

Finals: Aberfoyle, Associated Heat Services, British Land, Chloride, Continental and Industrial Trust, Mountview Estates, Steel and Simpson, John Waddington.

FUTURE DATES

Finals—

Brown Shipley	June 19
Craig and Rose	June 30
Equity and General	June 25
Jones Stroud	July 10
Kewill Systems	June 26
Mansfield Brewery	June 24

Abaco buys and boosts capital base

BY CHARLES BATCHELOR

Abaco Investments, the rapidly-expanding financial services company, is paying £12.2m for Toplis and Harding Group, a large insurance loss adjuster, and raising £142m to finance this and other acquisitions.

Abaco will further boost its capital base by issuing 10m shares to British & Commonwealth Shipping to raise £5.6m. This will take B & C's shareholding in Abaco from 16.8 to 21 per cent.

Pre-tax profits of Abaco are expected to nearly double to £1.2m in the year ending June 1986 from £657,000 last year. It expects to pay a final dividend of 0.15p per share making a total of 0.2 per share compared with 0.14p last time.

Abaco has carried out a series of acquisitions since emerging in 1983 from Greencoat Properties, which was transformed by the injection of Brown Goldie, a new finance and investment company run by Mr Peter Goldie and Mr Cameron Brown, two former executives of Guinness Mahon.

Abaco has acquired mortgage broking, estate agency and chartered surveying businesses as part of a programme to back professional partnerships with the greater financial resources of a larger group.

Mr Goldie, Abaco chief executive, said: "People talk about 'big bang' in the City but there is a 'small bang' going on outside the City in all these other services. There is room to pull all these businesses together."

Abaco will pay £10.5m in cash and a further £1.7m in shares for Toplis, which made a pre-tax profit of £1.4m on sales of £13.9m in the year end 1985.

Toplis employs 307 professional staff in 80 offices around the world. Apart from advising insurers on the losses involved in major disasters such as the Mexico earthquake, it provides a technical audit service, advising on the performance of installations.

Abaco also plans a one-for-four rights issue at 49p per share to raise about £14.2m net of expenses. B & C and Abaco's holder, Canada Life Assurance, will take up their rights in full while the balance has been underwritten by stockbrokers L. Messel.

B & C will subscribe to a further 10m shares at 56p per share.

The rights issue and the issue of shares to B & C will raise a total of £19.7m, of which £10.5m will finance the Toplis purchase. This will leave £9.2m to finance further acquisitions, several of which are already being considered, Mr Goldie said.

Abaco's shareholders will be asked to approve these deals at a special meeting on July 10. The company's shares rose 5½p to 60½p yesterday.

Harvard fails in bid for City & Foreign

By Charles Batchelor

Harvard Securities, the over-the-counter market maker headed by Mr Tom Wilmot, yesterday failed in its £5.8m takeover bid for City & Foreign Investment and immediately sold its 17.5 per cent stake.

Harvard won acceptances from the holders of just 2.5 per cent of the trust's shares by Monday's second closing date. Together with the stake it already owned this meant it spoke for a total of 20 per cent.

Harvard said it considered its offer represented a full and fair value for City and it was not appropriate to increase or extend it.

The bid comprised four Harvard shares, or 127p in cash, or 130p nominal of 12 per cent loan stock, for each City share.

The City bid was Harvard's third attempt in the space of six months to gain control of a public company. It previously made unsuccessful offers for Capital Gearing Trust and United Computer.

City's shares eased 2p to 126p yesterday.

Myson offers £7m for Biddle

Myson, heating and ventilation engineers, yesterday unveiled its promised bid for Biddle Holdings, the lifts and heating group.

The £6.8m cash offer tops a £6.4m bid already agreed between Biddle and Kone, the Finnish lift manufacturer.

Myson's bid depends on Biddle shareholders rejecting a plan to sell Biddle's heating business, accounting for about £9m of the group's £20m turnover, to Mr Anthony Biddle, a director and son of the chairman.

Directors and Biddle family members, owning 54.91 per cent of the shares and backing Kone, have agreed to abstain from the shareholders' vote at an extraordinary meeting. This was to be held tomorrow. Following the Myson offer, a motion to adjourn is to be put to the meeting.

Myson, advised by Morgan Grenfell, is offering 170p in cash for each ordinary share in Biddle, advised by County Bank. This compares with Kone's offer of 160p per ordinary share in cash. The preference offer, subject to the ordinary offer going unconditional, is 100p in cash for each 7 per cent cumulative preference share in Biddle of £1 each.

Myson made £5.84m pre-tax profits (£5.16m) on turnover of £58.68m (£55.29m) for the year ended December 1985. Last March it paid £42m for Thorn EMI's heating division. It does not own any Biddle shares.

Coated Electrodes for USM

BY RICHARD TOMKINS

Coated Electrodes International, a Sheffield-based company which uses a Bulgarian patented process to prolong the life of electrodes used in steelmaking, is coming to the Unlisted Securities Market at a value of £9m.

Some 3.46m shares have been placed by brokers Panmure Gordon at 84p a share.

British Steel started the business in 1967 when it learned of the Bulgarian process for reducing graphite consumption in electric arc steelmaking by coating the graphite electrodes with a mixture of aluminium and ceramic material.

In 1983, the company was bought out by its eight managers, the present directors, in line with BSC's policy of withdrawing from non-mainstream steelmaking activities.

Coated Electrodes licences the patents to the process through Technika, a Bulgarian state organisation for importing and exporting technology.

It now has licence agreements covering the UK, much of northern Europe, North America and Japan. Some of these licences are non-exclusive, but the company says its experience in the process gives it a lead over other would-be licencees.

Profits progress in the three years to March 1986 has been unexciting, with the pre-tax figure rising from £1.02m to £1.06m and £1.16m. The performance has been held back by start-up losses in France and interest charges on the buy-out costs, but the company is now optimistic of significant progress in its overseas markets.

Coated Electrodes comes to the market on an historic price/earnings multiple of 9.8. The placing will raise about £655,000 for existing shareholders, and about £2m net for the company.

Feedback hit by losses in America

Losses were incurred by Feedback' US subsidiary in the 12 months to March 31 1986 and, as a result, production and development at Feedback Inc were terminated and the company restored to a marketing operation.

Group pre-tax profits were down from £608,000 to £316,000, and no final dividend (1.5p) is being paid, leaving the total for the year at 1.25p net (2.75p). Stated earnings per 10p share were 2.79p (3.35p).

Turnover of this computer peripheral equipment manufacturer — its shares are traded on the Unlisted Securities Market — rose from £8.41m to £9.12m. The pre-tax figure was after interest charges up from £193,000 to £217,000. Tax was considerably lower at £81,000 compared with £326,000.

There were extraordinary debits of £132,000 against £120,000.

The directors say that while there will certainly be a recovery in the current year, no quantified forecast can yet be made.

COMPANY NEWS IN BRIEF

GREENWICH RESOURCES, gold and mineral explorer and producer, reports a small attributable profit for the first time of £1,763 (£160,446 loss) for the six months to end-March 1986. From turnover higher at £133,550 (£22,593) gross profit came out at £48,913 (£9,004 loss) and interest received rose to £182,980 (£105,955). The rise in turnover followed the building of a new crushing and screening plant at the Gebeit Gold Mine in the Sudan.

SMITH NEW COURT is placing £15m nominal 12 per cent subordinated unsecured loan stock 2001 carrying the right to 1.5m warrants which entitle the holder to subscribe for ordinary shares of 25p each at £105 per £100 nominal of stock. Each warrant entitles the holder to subscribe for an ordinary share at 165p each.

MANN & CO, estate agents—the partial offer from Hambros has been declared unconditional. Shareholders who have accepted in respect of more than 60 per cent of their holdings will be scaled down. An announcement will be made on June 27. The offer by Mann to acquire Bairstow Eves has become unconditional. The merger has created the largest estate agency and financial services group in the UK.

BARROW HEPBURN has acquired Xelflex, maker and consultant in precision moulded rubber components, for an initial £1m; there is also provision for deferred payment of a maximum £750,000. The initial consideration has been met by the issue of 961,539 shares at 52p, £272,322 cash, and £227,678 in unsecured loan notes carrying interest equal to 2 per cent below the Royal Bank of Scotland's base rate and being convertible at 57.2p per share one year after completion or at 59.8p two years after. In the year ended March 1986 Xelflex made a pre-tax profit of £183,000

CLONDALKIN GROUP (UK) has acquired the Cavendish Press from private individuals for £1.49m cash. Cavendish is a specialist colour printer in Leicester.

£7.82m swing at Cape Industries

Cape Industries, the building products and industrial contracting group, swung from losses of £4.49m in the 15 months to March 1985 to profits of £3.33m in the 12 months to March 1986.

The improvement follows major restructuring which has taken place over the past 21 months. Shareholders are to receive their first dividend since 1984 with a payment of 2p net per 25p share.

Turnover of the continuing businesses totalled £137.15m (£179.62m for 15 months). The profits were struck after paying compensation for industrial disease amounting to £1.45m (£0.9m) and interest charges of £1.67m (£5.85m).

Earnings emerged at 8p (losses 17.4p). There were no extraordinary charges (£32m) The company is a subsidiary of Charter Consolidated.

Horace Clarkson plans full listing

Horace Clarkson, a holding company with interests in shipbroking, insurance broking and financial services, is making a £2.3m rights issue and plans to obtain a full listing via an introduction of its shares.

The introduction is being arranged by the British Linen Bank in conjunction with Cazenove and Co, stockbrokers. The rights is on the basis of one-for-four at 25p each.

In 1985, the group made taxable profits of just over £2m and forecasts profits for the current year of at least £2.4m.

YEARLING BONDS: This week's interest rate is 9¼ per cent, up ¼ of a percentage point from last week and compares with 11¹⁵⁄₁₆ per cent a year ago. The bonds are issued at par and are redeemable on June 24 1987. A full list of issues will be published in tomorrow's edition.

Further twist in RFD bid battle

By Martin Dickson

THE tangled takeover battle for RFD Group, the industrial company, grew even more complex yesterday when two rival bidders reached agreement on the disposal of some of the company's subsidiaries, and RFD announced it was in talks with another unnamed party which could lead to a higher bid.

Scapa Group, which had launched a bid for RFD in opposition to one from Wardle Storeys, the plastic sheeting manufacturer, said yesterday that it had decided to withdraw in the face of a higher £28m offer from Wardle. It has sold its holding of 173,500 shares in the market.

However, if Wardle wins the battle, it will be entitled to sell to Scapa, at any time before December 31, RFD's textile and cable components businesses for £14.5m.

If Wardle does not exercise the option before November 30, Scapa will be entitled to exercise an option to buy the business at any time before March 31, next year, for £15.5m.

A few hours after this announcement, RFD said that it was involved in takeover talks with a third party which might lead to a higher offer. A further announcement would be made at 9 am on Thursday.

Wardle said the option arrangements with Scapa were in line with its plans to seek the flexibility to concentrate on RFD's core safety and survival businesses, and certain of its defence activities.

The textile and cable components businesses reported turnover of £15.4m and trading profit of £1.8m in the year to March 31. The textile business is mainly involved in the manufacture of industrial textiles, while the components subsidiary makes tapes and compounds for use in higher power and telecommunications cables.

CGA takeover fight ends in deadlock

BY MARTIN DICKSON

A BITTER three-way takeover battle for the Country Gentlemen's Association, the financial services group, ended in deadlock yesterday—but the Takeover Panel is to consider an appeal from the CGA for it to go into extra time in the hope of resolving the contest.

Such an extension would almost certainly favour Fredericks Place Group, the bid from which is being recommended by the CGA board. Fredericks Place said that by 3 pm yesterday, the closing time of the bid, it had acceptances covering 49.28 per cent of CGA's shares. Acceptances for a further 1.35 per cent cannot be counted towards its tally.

Bestwood, which is making a contested offer, said that by 3 pm it owned or had valid acceptances covering 46.2 per cent of the shares.

The CGA's request for an extension will be considered by the full Takeover Panel.

But in a holding operation, designed purely to keep the bids from lapsing in advance of that judgment, the Takeover Panel executive yesterday extended both offers for 48 hours until 3 pm on Thursday.

Bestwood said last night that it would strenuously object to any extension of the offers beyond that time and it understood there would be no further counting or validating of acceptances after 3 pm yesterday.

If the full Panel rejects the request for an extension of the timetable, both bids will lapse and neither Bestwood nor Fredericks Place will be able to bid again for 12 months.

Return to dividend list by C & W Walker

AS FORECAST, C & W Walker Holdings is returning to the dividend list with a proposed final payment of 0.75p for the year to February 1 1986.

With the figures for Multiple Industries Group, acquired in January this year, included on a merger accounting basis, the pre-tax profits fell from £554,000 to £494,000 on turnover of £14.58m (£12.21m). Earnings per 15p share came out at 2.59p (2.62p).

Directors say that activities within the original Walker companies showed a significant increase on the previous year. The group comfortably beat the forecast of £175,000, pre-tax, made at the time of the Multiple acquisition.

Prospects for the present year look extremely promising, the directors say, with negotiations on several major contracts at an advanced stage. A regular flow of enquiries and orders is being maintained.

They add that the company will be producing interim figures for the combined group in October when they expect the benefit of the acquisition to start being seen.

Operating profit came out at £1.01m (£1.04m) with interest charges of £515,000 (£484,000). Tax took £131,000 (£186,000) and there were extraordinary debits of £143,000 (£48,000) and last time there was a pre-acquisition element of a £59,000 debit.

Profits surge at Parkdale

MORE THAN doubled taxable profits of £902,000, against £368,000, were attained by Parkdale Holdings, the property investment and financial services company, in the year to end-April 1986.

Earnings per share jumped from 2.45p to 6.49p and the final dividend has been raised to 1.225p (0.75p), making a higher total of 1.6p (1p).

Parkdale says that the property side made a number of very satisfactory disposals as well as acquiring further retail properties for refurbishment in York, Skipton and Rotherham.

Financial services, however, had a difficult year of increasing costs and static turnover offset by a contribution from Enterprise Fund Managers.

Turnover for 1985-86, including rentals, was £1.88m (£1.2m). Profits were struck after interest and other central costs of £299,000 (£176,000).

Blackwood abandons bid for Benford

By Lionel Barber

Blackwood Hodge, the earth-moving and mining equipment supplier, yesterday dropped its £19m bid for Benford Concrete Machinery, clearing the way for a rival £20.4m bid by BM Group, the construction industry supplier.

Blackwood a late white knight in the bid battle for Belford, launched its bid last Tuesday. But within 24 hours BM, controlled by C. H. Beazer, the acquisitive house builder, raised its offer.

Blackwood said yesterday that its original offer was at a fair price. County Bank, advising BM, which speaks for 29 per cent of Benford, said it hoped that Benford would now recommende the sole offer available. Benford, in a holding statement, urged shareholders not to take any action.

BAT continues sale of US retail outlets

By David Goodhart

BAT Industries, the tobacco, retail and financial services conglomerate, has announced the sale of another batch of stores in the US.

The company said in January that it hoped to raise about US$600m from the sale of 93 retail outlets, including the famous Gimbels department store chain.

The latest announcement, which concerns the sale of 11 out of 18 Gimbels stores in New York and Philadelphia takes the total sold to 59 out of 93.

Allied Stores Corporation is to pay up to $200m for 10 Gimbels stores—two in New York, two in New Jersey and six in Pennsylvania—and the lease of one Gimbels Distribution Center in Jersey City. Associated Dry Goods Corporation is buying one store in New Jersey. Four out of the remaining seven Gimbels East stores are still under negotiation.

Mr Henry Frigon, chief executive of the BATUS subsidiary, said: "We worked closely with a group led by the (Gimbels) management to see if there was any way in which a levereged buyout could be structured. Unfortunately it was not feasible to do so."

FT LAW REPORTS

Credit cardholders not liable on company's collapse

RE CHARGE CARD SERVICES LTD
Chancery Division (Mr Justice Millett): June 12 1986

A GARAGE which supplies petrol on production of a credit card cannot claim payment direct from the customer if the credit card company becomes insolvent and goes into liquidation before paying it for the petrol supplied.

Mr Justice Millett so held on a summons by the liquidator of Charge Card Services Ltd for a declaration as to who was entitled to sums received from the company's cardholders. Judgment was in favour of the first respondent, Commercial Credit Services Ltd, the company's financier. It was held that the second and third respondents, Henlys plc and Copes Service Stations Ltd could not claim against cardholders.

* * *

HIS LORDSHIP said that Charge Card was incorporated in June 1982. It ceased to trade on January 1 1985 and entered into creditors' voluntary liquidation on February 4 1985. There was likely to be a deficiency with regard to unsecured creditors of approximately £1,932,000.

The company operated a charge card scheme under which it issued cards to account holders. The cards were available for use at garages which had entered into a previous agreement with the company. The account holder was sent a monthly statement and was *obliged to pay* the amount shown as owing to the company within 14 days of receipt.

Because the company would normally pay the garage before it obtained reimbursement from the account holder it financed its activities by factoring its receivables. This was effected by an *invoice discounting* agreement between the company and Commercial Credit Services Ltd under which all debts owing or to become owing from account holders to the company were assigned to Commercial Credit.

At date of liquidation the company's books showed some £3m of receivables due from account holders.

The present dispute was concerned solely with cases where the garage had not been paid by the company. Certain garages claimed to be entitled to seek to recover payment direct from the account holders and not from the company.

On March 10 1986 the liquidator was directed to collect all sums due from account holders and to pay them into a separate account. He had collected £2,234,425 and after deduction of the costs of collection £2,034,529 remained.

The question was whether debts due from account holders at commencement of the company's liquidation represented debts due to Commercial Credit or to the garages.

On the use of the card three separate contracts came into operation: the contract of supply between garage and cardholder; the contract between the garage and company; and the contract between company and account holder.

On whom did the risk of default by the company fall?

For the garages it was submitted that as soon as a cardholder put petrol in the tank of his car he thereby contracted to purchase and pay for the petrol at the price displayed on the pump; if he chose to pay by card he was not thereby unconditionally discharged from his liability to pay. Payment by card, it was submitted, like payment by cheque, operated as a conditional payment only.

Counsel for Commercial Credit submitted that the cardholder never became liable to the garage to pay for the petrol. His only obligation was to pay the company. The garage must look to the company for payment and the cardholder's obligation was to provide for payment by one of the methods which the garage held itself out as willing to accept.

The agreement which came into existence by the cardholder's acceptance of the garage's standing offer to accept payment by card had the same legal consequence whether it was made at the pump or at the till after the contract of supply had been concluded. It was not an independent and free-standing contract in its own right; it was merely an agreement on the method of payment.

That was so whether the contract of supply was already concluded or was yet to be concluded. The consideration in the contract of supply was the price to be satisfied by the card-holder by means of the card.

Accordingly, the real question was whether payment by card was an absolute payment or, like payment by cheque, was a conditional payment only.

It was submitted on behalf of the garages that there was a general principle of law that whenever a method of payment was adopted which involved a risk of non-payment, there was a presumption that it was conditional only, so that the risk of default was on the paying party.

There was no such principle. The approach of the courts to the question had not been conceptual or based on any such supposed principle, but had been strictly pragmatic. As each new method of payment fell to be considered, its nature and the surrounding circumstances were examined to see whether a presumption of conditional payments should be made.

The present transaction had no close analogy. Its essence was that the supplier and customer had for their mutual convenience each previously arranged to open an account with the same company, and agreed that any account between *themselves might*, if the customer wished, be settled by crediting the supplier's account and debiting the customer's account with that company.

That process did not depend on the company's solvency and the customer must be discharged *at the latest* when the supplier's account with the company was credited, not when the supplier was paid.

Those features were sufficient not only to displace any presumption that payment by such means was conditional payment, but to support a *presumption to the contrary*.

A special feature to support that view was that the company had undertaken to guarantee its obligation to reimburse the garages. That showed that the garages considered themselves to be giving credit to the company rather than *to* the account holders.

Accordingly, the submission that payment by card operated as conditional payment only was rejected.

An alternative argument on behalf of the garages was that the account holders' liability to pay the company did not arise until the company paid the garage, the company's right being a right of reimbursement only. Since the company had not paid, it was submitted, it was not entitled to retain the money collected from the account holders.

The answer was to be found in the agreement between the company and account holders. That expressly authorised the company to pay for, and by implication to debit, the account holder with the cost of fuel obtained by use of the card.

Authority to pay the garage must include authority to incur an obligation to pay. If so, then the right to debit the account holder must be a right to debit him not only with payments made, but also with liabilities incurred.

The alternative argument was therefore rejected.

Accordingly, the first question was answered in favour of Commercial Credit.

The second question was whether a right of retention conferred on Commercial Credit by the invoice discounting agreement was valid and exercisable once the company had become insolvent and was in liquidation.

The company challenged in particular a right to retain any sum in respect of the amount of the discounting charge, the amount prospectively due to Commercial Credit under the company's guarantee (a contingent liability); and the face value of receivables which the company might be required to repurchase under the agreement (also a contingent liability).

It was submitted for the company that the right of retention was security for prospective right of set-off and therefore constituted a charge on book debts created by the company which was void against the liquidator for want of registration.

The company's right of retention in respect of any amount prospectively chargeable to the company as a debit to the current account was not a matter of set-off, but of account.

If that were right, there was no relevant property capable of forming the subject matter of a charge.

It was conceded that Commercial Credit's right to retain money to meet the company's liability to repurchase outstanding receivables if served with notice was a true right of set-off.

It could not be charged in favour of Commercial Credit because a charge in favour of a debtor of his own indebtedness to the chargor was conceptually impossible.

The last question was whether debts or liabilities which resulted from mutual dealings but were still only contingent at the relevant date were available to be set-off under section 31 of the Bankruptcy Act 1914.

The relevant date was the date of the receiving order.

There was a long and consistent line of authority that all provable debts which resulted from mutual dealings were capable of set-off and that these included debts whose existence and amount were contingent at the date of the receiving order.

The second question was also answered in favour of Commercial Credit.

For the liquidator: David Oliver QC and Richard Hacker (Alsop Stevens);

For Commercial Credit: John Chadwick QC and Richard Gillis (Cameron Markby).

For the garages: Robin Potts QC and Michael Todd (Sebastian Coleman & Co for Wragge & Co, Birmingham).

By Rachel Davies
Barrister

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
§125	F.P.	—	138	136	‡Accord Publications 5p	138	+2	R3.1	2.6	3.2	17.4
150	F.P.	30/6	151	138	Alumasc Group	148	—	R5.85	2.5	5.6	10.2
§130	F.P.	13/6	135	120	‡Antler 5p	120	......	u3.0	2.4	3.5	17.0
115	F.P.	11/7	180	155	Arlington Sec. 10p	180	......	b1.7	4.3	1.3	24.7
150	F.P.	20/6	161	148	Barker (Charles) 5p	150	......	u3.0	3.1	2.8	16.3
147	F.P.	—	140	130	Blick 5p	140	......	R3.4	3.1	3.4	13.4
145	F.P.	—	175	160	Bredero Props.	167	+2	R4.25	2.3	3.6	14.2
§60	F.P.	20/6	61½	54	‡Brit. Int. Airways 10p	59	−1	bd2.82	2.1	6.7	8.2
§130	F.P.	4/7	167	150	‡Clarke Hooper 5p	150	......	b2.3	2.9	2.2	22.5
§125	F.P.	6/6	138	123	Comb. Lease Fin. 50p	129	+2	L1.98	3.9	1.5	18.6
107	F.P.	27/6	191	113	Dalepak Foods 5p	129	......	R2.3	3.2	2.6	16.8
§155	F.P.	6/6	232	172	‡Davies (D.Y.) 5p	216	......	u3.4	2.7	2.2	23.3
§50	F.P.	11/6	62	50	‡Dean & Bowes 5p	62	......	L2.5	1.5	5.7	16.7
§130	F.P.	6/6	151	133	‡Debfor 10p	133	−1	u4.0	2.7	4.2	12.5
§58	F.P.	—	63	59	Denistron Intl 5p	63	......	U1.65	2.1	3.7	16.1
§39	F.P.	27/6	40	32	‡Eadie	34	......	R1.75	2.0	7.2	8.2
120	F.P.	17/7	118	111	Evans Halshaw	114	+1	u3.38	3.1	7.2	7.5
140	F.P.	4/7	130	120	‡Fields (Mrs) Inc$0.05	120	......	RQ4.5c	2.6	2.6	15.2
—	—	—	35	27	Geoman Secs. Warrts	32	+1	—	—	—	—
140	F.P.	20/6	150	141	Haggas (John) 10p	142	......	u3.0	3.2	3.0	14.7
§85	F.P.	—	92	91	‡Hodgson Hldgs 5p	91	−1	R2.15	2.3	3.3	16.5
120	F.P.	30/5	130	110	Ipeco Hldgs 10p	110	......	u2.7	3.3	3.5	12.5
104	F.P.	—	118	90	Jurys Hotel	98	......	u3.75	2.1	5.4	10.8
§70	F.P.	14/5	93	80	‡Lodge Care	82	......	u2.0	2.4	3.4	17.1
145	F.P.	—	130	125	Lopex 5p	130	+5	R4.0	2.3	4.3	13.9
‖ ‖	F.P.	—	62	49	Martin Int'l Props	55	......	u0.58	2.0	1.5	40.7
157	F.P.	26/6	157	145	‡Monotype Corpn 10p	154	......	R4.4	1.6	4.0	15.3
165	F.P.	18/6	190	170	P-E International 20p	183	......	1.8	3.4	1.4	29.5
§100	F.P.	27/6	105	104	‡Savage Group 20p	105	......	R3.0	2.5	4.0	13.9
**	F.P.	6/6	700	550	Schroders £1 N/V	675	+15	h10.75	—	2.2	—
§72	F.P.	13/6	74	70	‡Splash Prods. 10p	70	......	u3.27	1.6	6.6	13.6
§95	F.P.	—	110	108	‡Task Force 5p	110	......	R1.78	3.8	2.3	16.3
§140	F.P.	6/6	141	117	Tech. Project Ser. 10p	115	−2	u2.49	3.2	3.1	14.6
§100	F.P.	23/6	102	93	‡Usher (Frank) 5p	93	......	u4.5	1.9	6.8	11.1
145	F.P.	20/6	160	150	Westbury 10p	160	+5	R4.1	3.1	3.6	12.7
§110	F.P.	26/6	147	123	Worcester 10p	147	+2	u3.91	2.2	3.7	14.5

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price £	+ or −
‖	Nil	—	11pm	11pm	Amari 8% Cnv. Cum. Red. Pref.	11pm	......
§99.50	£10	—	9¼	9	Bristol Water 9.8% Red Deb '96	9	......
§99.256	£30	29/8	30¼	27¼	Brit. Alcan Aluminium 10⅞% Deb. 2011	28⅝	−¼
¶¶	F.P.	—	99½	97	Brit. Emp. Secs. 10⅜% Deb. 2011	98	+½
§94.208	£25	31/10	25⅛	23¼	Brixton Est. 9.5% 1st Mort Deb 2026	24½	−⅛
100	£10	14/8	10¼	9	Cambridge Water 10% Red Deb '96-98	9	......
109.89	£40	29/8	40	38	Estates & Gen. 11¼% 1st Deb. 2018	38½	......
‖	Nil	—	7½pm	7½pm	Friendly Hotels 5% Conv. Cum. Red. Pref.	7½pm	......
97.963	£25	24/10	25⅞	21¼	Gt. Portland 9½% 1st. Mort. Deb. 2016	21⅞	−⅛
105.523	£25	21/8	26	21¼	Land Securities 10% 1st. Mort. Deb.25	21⅞	......
§99.951	£40	14/7	42	37¾	Lon. Prov. Shop 10% 1st. Mtg. Deb. 2026	38	......
§99.793	£25	24/9	24⅝	21½	Lon. Shop Prop. 10% 1st. Mort. Deb. 2026	22⅞	−¼
100	£10	14/8	10¼	9	Mid Southern Water 10% Red Deb '95-98	9	......
—	F.P.	—	100⅛	99⅞	Nationwide Bld Soc 9⅞% 18/5/87	100⅛	......
—	F.P.	—	100⅛	99⅞	Do 9⅞% 15/6/87	99⅞	......
§99.623	£40	30/6	41¼	36¼	Peel Hldgs. 9⅞% 1st. Mort. Deb. 2011	37¼	−¼
§87.179	£30	26/9	30⅞	28⅞	Portugal 9% Ln. 2016	29⅞	−⅛
§99.888	£40	1/8	44	39½	Queens Moat 10¼% 1st. Mort. Deb. 2020	40¾	......
§99.480	£25	18/7	31⅛	24¾	S.E. 10⅛% Mort. Deb. 2016	26⅛	−¼
§99.50	£10	28/8	9¼	9	Sund. & S. Shields Wtr 9.8% Rd Db '96	9	......
§48.835	F.P.	—	48⅝	47⅞	Tesco 4% Uns Deep Dis Ln 2006	48⅛	......
99.073	£25	8/8	25¼	23½	Tops Est. 10¼% 1st. Mort. Deb. 2011/16	24	......
¶¶	F.P.	—	104p	104p	Williams Hldgs. 5¼% Cnv. Conv. Red. Pref.	104p	......
£100	£50	12/9	50¼	47¾	Witan Inv. 8½% Deb 2016	48⅝	−⅛
§100	£10	14/8	10¼	9	York Water 10% Red. Deb. 1996/98	9	......

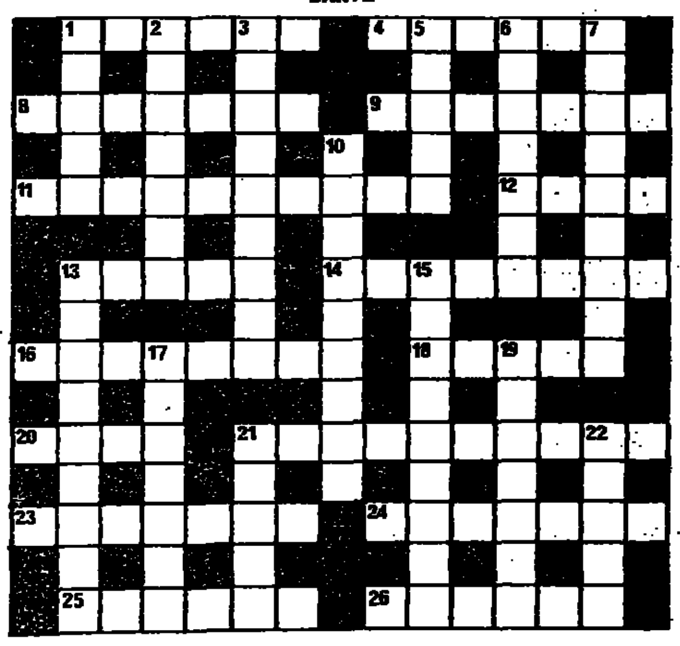
"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or −
395	F.P.	18/7	410	402	Berkeley Group	410	+3
110	Nil	11/7	29pm	22pm	Britannia Arrow	22pm	−3
200	Nil	4/7	175pm	110pm	Cater Allen £1	128pm	+18
190	Nil	8/8	45pm	28pm	Clifford's Dairies	28	−9
170	Nil	8/8	27pm	22pm	Do A N/V	22pm	......
30	F.P.	18/7	41	34	Feedex Agricultural 10p	36	......
47	Nil	—	11pm	11pm	Five Oaks Invs.	11pm	......
300	Nil	24/7	45pm	28pm	Gerrard & Natl.	28pm	......
225	F.P.	11/7	257	230	Harris Queensway 20p	232	......
235	Nil	18/7	28pm	5pm	Lep. Group 2p	5pm	−2
235	Nil	11/7	27pm	12pm	McCarthy & Stone 20p	20pm	+5
56	F.P.	7/7	71	64	Micro Bus. Systems 5p	70	......
45	Nil	11/7	50pm	43pm	Molynx 20p	45pm	......
200	Nil	18/7	275pm	250pm	Nat West Bank £1	273pm	+11
18	Nil	23/7	5pm	1pm	Neil & Spencer 10p	4pm	−1
2	F.P.	15/7	3½	2¼	‡Property Trust 'A' 1p	3½	......
600	F.P.	22/7	790pm	748pm	Prudential Corp	775pm	......
275	F.P.	3/7	330	305	Robinson (Thos.)	308	+3
½	Nil	11/7	2½pm	1¼pm	Rotaprint ½p	2½pm	+¼
285	Nil	-	48pm	43pm	Scottish TV 10p	43pm	

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by lastest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. t Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖ ‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▓ Allotment price. ‡ Unlisted securities market. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under 535 (4) (e) †† Official London listing.

F.T. CROSSWORD PUZZLE No. 6,050

DANTE



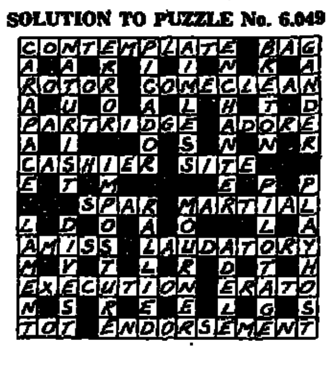
ACROSS

1 Use old copper nails—perhaps it's in sea water (6)
4 A round heavy-bodied port (6)
8 No brawl disturbs such a light sleeper (4-3)
9 Joint league champions? (7)
11 Whatever the cost, it could make a nice party (2, 3, 5)
12 Former graduate returns for a test (4)
13 A reflective attitude taken by a story-teller (5)
14 Versatile languages master? (8)
16 The sort of alibi which has not been forged (4, 4)
18 The sequence of command (5)
20 Where they teach only ten letters of the alphabet? (4)
21 Boy going to an unusually arid place in Egypt (10)
23 Troubles a-plenty? Or simply fine? (7)
24 It is mingled with shame and disbelief (7)
25 Conclude the meeting of French and Italian leader (6)
26 Country which provides its own money unit note (6)

DOWN

1 Camouflage paint is out of place (5)
2 They conceal the seamy side of our habits (7)
3 The spread of intelligence (9)
5 A buzzer that doesn't work (5)
6 Obtains information about raising money for the future (4-3)
7 Try a new road venue (9)
10 Vending machine in the chemist's shop (9)
13 Colour scheme (9)
15 Provide care and keep an eye on later (4, 5)
17 Man's diet (7)
19 Resentment shown when a futile plan has gone astray (7)
21 It can turn into quite a lark (5)
22 Children found in argument (5)

SOLUTION TO PUZZLE No. 6,049



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

AUTHORISED UNIT TRUSTS & INSURANCES

Wardley Unit Trust Managers Ltd (a)
Wardley House, 7 Devonshire Sq, EC2 — 01 929 1532

American Tst	66.1	71.1xd	+0.8	1.4
Far East & Gn. Tst.	89.4	95.1	+0.3	1.0
Intl. Growth Tst.	67.7	72.1xd		0.8
Income Tst.	79.1	85.1	+0.6	5.6
Japan Growth Tst	106.8	114.9	−0.7	0.2
Small Cos. Tst.	117.0	125.9	+0.9	1.9
Tchnlgy. Tst.	34.2	36.7	+0.1	0.2
Australia Trust	42.0	45.1	−0.3	1.8
UK Trust	126.9	135.1xd	+0.5	2.8
European Growth Tst	49.1	52.3	−0.1	1.2
Hong Kong Tst	20.7	22.0	+0.5	1.5

Waverley Asset Management Ltd (a) (c) (g)
13 Charlotte Sq, Edinburgh — 031-225 1551

Australasian Gold	15.8	16.8	−0.3	0.15
Pacific Basin Energy	14.3	15.2		0.2
Canadian Balncd Growth	60.4	64.5	−0.2	0.71
Ginnie Mae	99.1	103.2	−0.1	8.0

WestAvon Unit Trust Managers Ltd(a)(c)
9 Portland Square, Bristol BS2 8SS — 0272 428431

British Smllr Co's (z)	55.8	57.4	+0.6	1.50
British Growth (z)	64.2	66.0	+0.4	1.75
British Income (z)	63.4	65.3	+0.4	4.75
British Extra Yield(z)	51.4	52.9	+0.3	6.50

Whittingdale Unit Trust Managers
2 Honey Lane, London EC2V 8BT — 01-606 9085/6

Short Dtd Gilt Fd	67.3	68.4		0.59
U.S. Govmt Bond F	50.501	0.504	+0.001	—

Windsor Trust Mngrs Ltd
83 Kingsway, London, WC2B 6SD — 01-405 8331

Convtbl & Equity Tst	49.0	52.2	+0.1	7.63
Growth Trust	50.3	53.6	−0.2	2.29
Income Trust	54.3	57.8	+0.2	5.06

Wright Seligman Fund Managers Ltd
11 Blomfield St, London EC2M 7AY — 01-588 0592

Growth Fund	67.3	70.8xd	−0.5	3.67

Weekly dealing day Tuesday

The Yorkshire General Trust
Westbourne Pk, Fenay Bdge, Huddersfield — 0484 602250

Y.G.T.	118.4	126.1xd	+0.7	3.57

INSURANCES

Cannon Assurance Ltd—Continued

Index	114.5	121.2	..	—
Far East	162.4	171.9	−0.6	—
Global	95.0	100.5	+0.2	—
European	95.6	101.2	+0.4	—
Japan	95.5	101.1	−1.9	—
2nd Series Pension Accumulation				
Equity	479.8	507.7	+2.4	—
High Income	316.9	335.3	+1.5	—
Property	276.8	292.9		—
Managed	332.3	351.6	+0.6	—
Deposit	247.7	262.1		
Gilt	257.7	272.7	+0.8	—
American	384.5	406.9	−0.2	—
International Money	253.6	268.4	+0.8	—
Index	125.2	132.5	−0.3	—
Far East	175.0	185.2	+0.7	—
Global	95.0	100.5	+0.1	—
European	95.9	101.5	+0.4	—
Japan	96.7	101.3	−1.4	—
Other Funds				
Equity Units		65.19	+0.24	—
Property Units		21.10		—
Equity Bond/Exec	40.78	43.15	+0.20	—
Property Bond/Exec	28.45	30.11		—
Balanced Bond/Exec	32.95	34.87	+0.06	—
L&E SIF 1	108.0	114.0		—
L&E SIF 2	70.5	75.0	−0.5	—

INSURANCE, OVERSEAS & MONEY FUNDS

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg
World Fund NAV ... $17.86 ... +0.14 ... —

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd ... $16.44 ... −0.02 ... —
Inv. Adv.. M & G. Inv Mngt., Ltd, London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech ... $16.07 ... +0.05 ... —
Dynamic Gwth Fd ... $18.16 ... +0.13 ... —

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey ... 0481 26268
Zero Bond Fund ... $11.50 ... 12 Jul ... —

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund — 77 London Wall, London EC2N 1DB — 01-588 1815				
Deposit	9.85		—	3-Mth
The Money Market Trust — 63 Qn Victoria St, EC4N 4ST — 01-236 0952				
Call Fund	9.74	7.28	10.60	6mth
7-day Fnd	9.80	7.33	10.68	6mth
Oppenheimer Money Management Ltd — 66 Cannon St, EC4N 6AE. — 01-236 1425				
Call Fnd	9.36	7.00	10.05	6-Mth
7-day Fund	9.70	7.25	10.39	6-Mth
Dollar	5.83	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc — 22 Charlotte Sq, Edinburgh EH2 4DF — 031-225 8484				
Full Service Chq Acc	9.25	6.80	9.82	Qtr
Aitken Hume — 30 City Road, EC1Y 2AY — 01-638 6070				
Treasury Acc	9.25	6.91	9.99	Qtr
Mth. Int. Chq.	9.25	6.91	10.04	Mth
Allied Arab Bank Ltd — 97-101 Cannon St, London. EC4N 5AD — 01-283 9111				
High Int. Cheque Acc.	10.5	7.85	11.46	Mth
Bank of Scotland — 38 Threadneedle St, EC2P 2EH. — 01-628 8060				
Money Mkt Cheque Acc.	9.00	6.72	9.77	Mth

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase. xd ex dividend

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	28	Marks & Spencer	18
BAT	38	Midland Bk	44
BOC Grp	32	NEI	11
BSR	14	Nat West Bk	70
BTR	45	P & O Dfd	45
Babcock	20	Plessey	20
Barclays	45	Polly Peck	16
Beecham	32	Racal Elect	17
Blue Circle	55	RHM	20
Boots	26	Rank Org Ord	48
Bowaters	30	Reed Intnl	75
Brit Aerospace	48	Sears	12
Brit. Telecom	17	TI	42
Brown (J.)	3	Tesco	30
Burton Ord	32	Thorn EMI	35
Cadburys	17	Trust Houses	12
Charter Cons	22	Turner Newall	18
Comm Union	28	Unilever	128
Courtaulds	26	Vickers	40
Distillers	52	Wellcome	19
FNFC	15	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs	30
Glaxo	108	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	75	Samuel Props	18
Guardian	75	**Oils**	
GKN	32	Brit. Oil & Min	2½
Hanson Tst.	16	Brit Petroleum	48
Hawker Sidd.	52	Burmah Oil	30
ICI	50	Charterhall	3
'Imps'	28	Premier	3½
Jaguar	27	Shell	55
Ladbroke	32	Tricentrol	15
Legal & Gen	79	Ultramar	18
Lex Service	38	**Mines**	
Lloyds Bank	55	Cons Gold	40
Lucas Inds.	60	Lonrho	25
		Rio T Zinc	58

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

EEC row looms over plan to sell surplus beef to Brazil

BY TIM DICKSON IN BRUSSELS

THE IMMINENT sale of 100,000 tonnes of European beef to Brazil—likely to be approved in Brussels by the middle of next week—seems certain to stir up a new controversy over the disposal of EEC surplus products on world markets.

Viewed from the headquarters of the EEC Commission such deals are essential if the Community is to reduce its vast beef "mountain"—more than 700,000 tonnes in European stores at the last count.

But important sections of the EEC's meat processing industry argue that the proposed sale to Latin America at knockdown prices is both illogical and likely to damage the long-term interests of the domestic producers.

"Whatever we do we are bound to be criticised," one Commission official observed ruefully yesterday.

The nub of the problem is the fear — exaggerated, says the Commission—that the beef in question may find its way first to Brazilian meat processors and ultimately back to the Community (notably to Britain) in the form of exports of canned products. Thanks to the relatively liberal EEC trading regime—imported finished beef products are highly competitive inside the Community. The Brazilians have made significant inroads into European markets particularly with corned beef and (more recently) stewed steak. Between 1980 and 1983, for example, they established a 70 per cent share of the UK stewed beef market.

Commission officials admit that there is no absolute guarantee that some of the beef will not find its way to the Brazilian processors but maintain that "some of the arguments put forward are emotional — they are stirred up for political reasons."

All indications, says the Commission, suggest that Brazil is in the market to meet a sudden shortage in its own domestic supplies.

And it could easily turn to other suppliers such as the US from where it has recently bought 90,000 tonnes of beef, the Commission argues.

The Commission stressed yesterday that while Brazil has clearly indicated its willingness to buy, no sale has yet been agreed. Bids have to be in by the end of this week for what it the first sale by tender of "bone in" beef for many months and these will be considered at a management committee meeting on June 24.

Price confusion empties butchers' shops

BY IVO DAWNAY IN RIO DE JANEIRO

BRAZIL, one of the world's largest meat producers, is almost inconceivably about to run out of beef.

In Sao Paulo, the country's principal metropolis, butchers are demonstrating in the streets as over 1,000 shops remain closed because of lack of supplies. For the industry beaten only by Argentina and Australia in the exporters' league table, a total exhaustion of supplies is imminent.

Moreover, for the first time ever Brazil has had to call up supplies from abroad, probably including the US and the EEC —markets where it has been expanding its own sales. Already as much as 240,000 tonnes has been ordered and some believe this may have to rise to 400,000 tonnes by the end of the year.

"I would guess we have a maximum of about 10 days before stocks run out," said one wholesaler last week, "then we will have to wait until the ships come in."

But the crisis is not due to any reduction in the size of the Brazilian herd, which remains more or less constant at around 100m head and last year produced an estimated 2.18m tonnes of beef. Why, then, the shortage?

The explanation lies within a curious and wholly unexpected conjunction of events in Brazilian politics that will unintentionally keep beef off both home and international markets. These are:

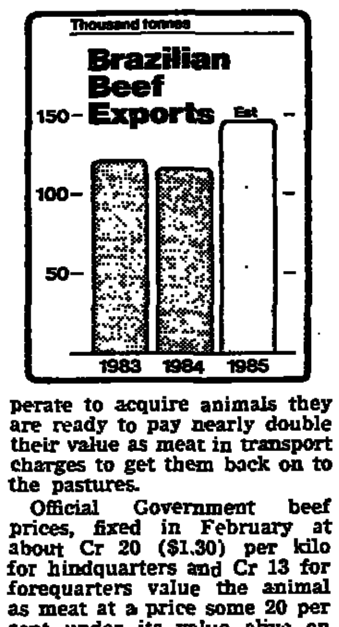
● The impact of the February Crusado plan, which ended inflation-indexation of the economy and imposed a general price freeze.

● And new promises by the Government to carry out substantial agrarian land reform expected to be targeted on the compulsory acquisition of under-used land.

The consequences of these schemes has been to drive Brazil's cattlemen away from slaughtering.

But the longer term consequences of these could, conversely, lead to a substantially strengthened Brazilian presence in the world marketplace at a time when massive stock disposals by the EEC and the US are coming to an end.

Many landowners have conserved their herds in order to populate under-utilised land, thus keeping beef stock away from the market. Others, with a shortage of cattle, have gone to the marketplace to acquire more, creating a reverse migration of animals from the urban markets to the grasslands of the north and south.



This has had the effect of raising the slaughter value of a fat one. Indeed, according to one wholesaler, some farmers are no demanding...

Evidence of this is seen in a distorted price structure where a live thin steer is worth more, weight for weight, than the slaughter value of a fat one. Indeed, according to one wholesaler, some farmers are disposing of their stock... [illegible]

Official Government beef prices, fixed in February at about Cr 20 ($1.30) per kilo for hindquarters and Cr 13 for forequarters value the animal as meat at a price some 20 per cent under its value alive on the ranches of Brazil's fazendas.

Furthermore, other ramifications from the Crusado plan, have increased farmers liquidity and the incentives to put capital investment into their stock. The pressure on live cattle prices is upwards, while those for meat remain frozen despite burgeoning consumer demand.

Claims from the butchers that the price rise is fuelled by wholesalers — the Frigorificos — hoarding stock, remain unsubstantiated. All the evidence suggests that they too are being hit, with plans to further develop Middle-East and new European markets being consigned to the holding tray.

Many are simple having difficulty meeting orders to which they are already committed.

But any temptation for rival producer countries to gloat at Brazil's somewhat bizarre predicament might be misplaced. As one exporter pointed out: "It looks like we will have a hiatus of about two years, but then the stock should be substantially increased at a time when US slaughterings of dairy cattle and EEC surplus disposals should be coming to an end."

Meanwhile, one newly cash-rich Brazilian consumers, in the shorter term at least, churrascos will definitely be off the menu.

World stocks of fish meal reduced

FISH MEAL production in the first quarter of 1986 in the main exporting countries (Chile, Peru, Norway, Iceland and Denmark) was 545,000 tonnes, compared with 642,000 tonnes in the same period last year. With consumption up in this first quarter in many of the main markets (the UK, West Germany and the Far East particularly), stocks were down to 362,000 tonnes from 585,000 tonnes a year earlier.

Fishing in South America during the first half of May was fair to good, supporting the forecast by the Fish Meal Exporter's Organisation of 25 per cent higher production during the second quarter compared to the same period last year.

In view of the tight stock position, the fishing prospects in Peru are being carefully watched following the investigations of the fishery biologists in that country.

● SLN, the French company which mines nickel in New Caledonia, has joined other producers in cutting back production in response to weak prices. It said this week it was reducing third quarter 1986 output by 1,000 tonnes to bring planned production for the year down to 43,000 tonnes, against an original target of 47,000 tonnes.

● VOLUME INVESTORS Corporation, which defaulted after large losses in gold options trading last year, has agreed to formally go out of business, the US Commodity Futures Trading Commission (CFTC) announced in Washington, reports AP-Dow Jones.

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse, 2,560-2,680.

BISMUTH: European free market, min 99.99 per cent, $ per lb. tonne lots in warehouse, 2.60-2.90.

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots, 1.01-1.06, sticks, 1.02-1.07.

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 5.75-6.10.

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse, 214-224.

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.70-2.75.

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 4.50-4.90.

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO₃, cif. 47-56.

VANADIUM: European Free market, min 98 per cent, $ per lb V_2O_5 cif 3.50-3.55.

URANIUM: Nuexco exchange value, $ per lb U_3O_8, 17.25.

Malaysia plans tin crisis aid

BY WONG SULONG IN KAULA LUMPUR

THE MALAYSIAN Primary Industries Ministry has accepted a soft loan proposal to help the nation's hard pressed tin miners through the current crisis.

The scheme, which was submitted by the Tin Advisory Council, could cost the Government as much as 140m ringgit ($53.8m) over a period of one year. It will now go before the Cabinet for approval before it is implemented.

Under the scheme a reference price of 18 ringgit a kilo—considered to be the average production cost of Malaysian mines—has been adopted, and miners will be able to get soft loans, at 6 per cent annual interest, in amounts equivalent to the difference between the reference price and the sale price.

The price quoted on the Kuala Lumpur Tin Market is around 14 ringgit a kilo and assuming Malaysian tin exports to be around 35,000 tonnes for the next 12 months, the cost of the scheme could be as high as 140m ringgit.

Datuk Paul Leong, the Primary Industries Minister, said yesterday the rationale behind the scheme was to enable efficient mines, which are unable to survive with current depressed prices, to carry on.

The Government believes tin prices will improve after a year once the 100,000 tonne surplus overhanging the world market is substantially reduced. The Ministry is also exploring the possibility of getting lower cost of electricity and fuel for miners.

However, the Ministry had rejected two other proposals for a tin stockpile fund and a mothballing fund.

The stockpile fund, under which the Government would buy tin from miners at a guaranteed price, could cost as much as 400m ringgit, while the mothballing fund, which would mean further retrenchment which is politically unacceptable.

Since the collapse of tin prices last October, after International Tin Council ran out of money to finance price support operations, more than 6,000 Malaysian miners have lost their jobs. A leading miner said even with the introduction of the soft loan plan more miners are expected to close because of high production costs.

There are currently about 180 active mines in the country, compared with 400 before the ITC collapse.

Meanwhile, officials from the Kuala Lumpur Tin Market will meet Ministry officials later this week to work out details of throwing open the KLTM to Indonesian, Thai and Australian tin.

The move is planned to pre-empt moves to set up a rival tin market in nearby Singapore.

Any opening of the KLTM would come too late for Australia since the country's major commercial tin smelter, run by Associated Tin Smelters in Sydney, is due to close on July 4 because of a shortage of concentrates arising from mine closures after the tin crisis.

Canadian growers seek US maize duty

BY NANCY DUNNE IN WASHINGTON

THE NATIONAL Corn Growers Association is to represent US farm interests in a major Canadian countervailing duty case, which calls into question the entire US system of paying price supports to its farms.

In the case, the Ontario Corn Producers Association has petitioned the Canadian Government to impose a countervailing duty on US maize imports on the grounds that US production subsidies, called target prices, and loan supports, provided under the 1985 Food Security Act, are illegal and depressing Canadian maize prices. They say that the alleged US maize subsidies have pushed down prices by as much as $1.15 per bushel.

The case will be watched with interest by the EEC, now on the verge of a trade war with the US over agricultural disputes. The Canadian petition provides an important challenge to the US contention that its price supports are benign because they do not directly subsidise exports, while EEC export subsidies are unfairly stealing world markets. The community has reportedly obtained a copy of the Canadian producers' petition.

Mr Dain Friend, president of the Corn Growers Association, said his organisation will counter the Canadian charges because "future US maize sales and grain exports to Canada and other foreign markets are in jeopardy, if the case goes unchallenged."

Mr Friend said that Canadian overproduction was "the principle culprit in the price decline of Canadian maize." He said that Maize production in Canada grew by 22 per cent between 1981 to 1985, while, at the same time, US maize exports declined by nearly 80 per cent.

The Canadian Department of Revenue has accepted the petition and will determine whether or not to go ahead with a full investigation of the subsidy charges by July 3.

The Department then has 90 days to make a preliminary determination on the charges and to decide if US maize exports are causing injury. If the finding is affirmative, provisional duties may be imposed.

Spain and France seek accord on fisheries

SPAIN and France have agreed to set up a joint panel of experts in a bid to find a solution to their current bilateral fishing dispute.

Negotiations under the auspices of the European Commission broke up in Brussels early yesterday with the two sides apparently little closer to agreement but prepare dto keep talking in the new forum. The Commission, which is remaining studiously independent, will continue to offer its services as mediator and will be represented in the new group.

The dispute is a direct result of Spain's entry this year into the EEC and centres on Spanish Basque fishermen's right to fish for hake in a 600 sq mile area of designated EEC fishing zone (8c). Such a right is not acknowledged by France.

Earlier this month more than 250 Spanish vessels blockaded the French Basque port of Hendaye to make their point, but were persuaded to lift the seige last week so that negotiations could proceed.

Officials in Brussels are not hopeful that a quick solution can be found and explained that each side is putting a different interpretation on the relevant section of Spain's Treaty of Accession. If necessary, the matter may have to be referred to the European Court.

Sri Lankan tea prices fall further

SRI LANKAN tea prices fell another 2 rupees to an average of 23.5 rupees (55p) a kilo at a two-day sale which finished yesterday, reports Reuter from Colombo.

Brokers blamed the fall on slack demand from the US, West Germany and some other European buyers. Last month's bomb attacks on Colombo by Tamil separatist guerrillas had driven away some buyers, they added. Sri Lankan tea prices have been under pressure ever since separatists threatened to poison export consignments in January.

LONDON MARKETS

COCOA'S recent weakness on the London futures market continued yesterday when the September position lost another £23 to £1,294.50 a tonne. This took the sequence of successive daily falls to seven trading days and the aggregate decline to £70.50 a tonne. But the price remains £30 above the three-year low reached early last month. On the London Metal Exchange aluminium prices remained firm reflecting the continuing bullish sentiment based on the steady decline in Western World stock levels and the strike at Alcoa, the biggest aluminium producer in the US. The cash quotation closed at £787 a tonne, up £6 on the day, while three months metal gained £9.75 to £780.25 a tonne, narrowing the cash premium over three months which was briefly eliminated last week after being forced up to £92 a tonne earlier by the extreme tightness of nearby supplies.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	786.5-7.5	+6	787.778.5
3 months	780-8.5	+9.75	781.771

Official closing (am): Cash 778-8.5 (780-1), three months 770-0.5 (769-70), settlement 778.5 (781). Final Kerb close: 779-80. Turnover: 19,200 tonnes.

COPPER

	Unoffic'l close	+ or —	High/low
Cash higher grade	944.5-5.5	—8.5	945/944
3 months grade A	949-9.5	+6.5	956/945

Official closing (am): Cash 944-5 (952-3, three months 945.5-6.5 (944-4.5), settlement 945 (953). Final Kerb close: 953-4.

Cash Cathodes	925-30	—7.5	—
3 months standard	950-5	+7.5	—

Official closing (am): Cash 930-5 (934-40), three months 925-30 (930-40), settlement 935 (940). US Producer prices 67-72 cents a pound. Total Turnover: 34,100 tonnes.

LEAD

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	288.5-9	—5.25	291.289
3 months	287.5-8	—1.25	290.287

Official closing (am): Cash 290.5-1 (302-3), three months 287.5-8.5 (296-5.5), settlement 291 (303). Final Kerb close: 287-8. Turnover: 8,250 tonnes. US Spot: 22.5-24 cents a pound.

NICKEL

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	2740-50	+12.5	2750/2725
3 months	2740-50	+12.5	2745/2725

Official closing (am): Cash 2,735-40 (2,724-5), three months 2,722-5 (2,713-5), settlement 2,740 (2,725). Final Kerb close: 2,740-45. Turnover: 1,334 tonnes.

TIN

14.05 (14.20) ringgit per kg. Down 0.15 ringgit per kg.

ZINC

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
High grade			
Cash	543-3.5	—2.75	
3 months	547-8	—1.25	555/545

Official closing (am): Cash 540-1 (542-2.5), three months 544.5-5.5 (544-4.5), settlement 541 (542.5). Final Kerb close: 547-7.5. Turnover: 11,500 tonnes. US Prime Western: 38.5-41.75 cents a pound.

GOLD

Gold fell $3 an ounce from Monday's close in the London bullion market yesterday to finish at $336¼-337. The metal opened at $337-337¼ and traded between a high of $337¼-338 and a low of $335¾-336¼. Trading was quiet with a lack of follow through selling restricting the metal's fall.

GOLD BULLION (fine ounce) June 17

Close	$336¼-337	(£221¼-224¼)
Opening	$337-337½	(£221¼-224¼)
M'n'g fix	$337.50	(£221.341)
Aft'n'n fix	$336.75	(£222.866)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$335¼-337¾	(£221¼-224¼)
½ Krug.	$177½-178¼	(£116¼-119)
¼ Krug.	$90¼-91¼	(£60¼-60¾)
1/10 Krug.	$36¾-37¼	(£24½-25)
Mapleleaf	$347½-347¾	(£228½-231½)
Angel	$348½-350¼	(£232 233¾)
1/10 Angel	$34-38	(£22½-25)
New Sov.	$80¼-81	(£53¼-54)
Old Sov.	$85 86¼	(£55¼-57½)
$20 Eagle	$485-475	(£295 3104)
Noble Plat	$459¼-444¼	(£292¼-295¾)

SILVER

Silver was fixed 8.1p an ounce lower for spot delivery in the London bullion market yesterday at 336.2p. US cent equivalents of the fixing levels were: spot, 507.8c, down 18.1c; three-month 516.05c, down 18.5c; six-month 525c, down 18.5c; and 12-month 541.95c, down 19.1c. The metal opened at 337-338½p (507½-509½c) and closed at 336-337½p (506-508c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	336.20p	—8.10	335.5p	+2.5
3 months	344.10p	—8.15	343.5p	+2
6 months	352.00p	—8.45	—	—
12 months	368.40p	—8.75	—	—

LME—Turnover: 37 (7) lots of 10,000 oz.

Three months high 344p, low 342p, final kerb 342-4p.

MEAT

Pigmeat prices fell sharply due to fresh selling prompted by current weather conditions and a weaker physical trade, reports Eastern Capital CCST.

PIGMEAT Month	Y'day's close	+ or —	Y'day's close	+ or —
July	102.80	—1.80	190.00	—5.50
Aug	101.50	—1.40	186.50	—5.00
Sept	107.50	—1.50	184.00	+8.00

Pigmeat sales: 21 (7) lots of 50 carcases, 3,250 kg.

Beef sales: 2 (0) lots of 20 sides.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 101.73p per kg lw (—2.80). GB—Sheep 189.67p per kg est dcw (—51.81). GB—Pigs 73.58p per kg lw (—7.50).

INDICES

REUTERS

June 16	June 13	M'th ago	Year ago
1535.9	1540.4	1774.5	1769.9

(Base: September 18 1931=100)

DOW JONES

Dow Jones	June 16	June 13	Month ago	Year ago
Spot	124.06	124.98	—	119.35
Fut.	112.92	114.15	—	120.85

(Base: December 31 1931=100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	June 17 1986	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1265-285	—30	$1282.582
Copper			
Cash h Grade	£945	—6.5	£926.5
3 mths	£949.25	+6.5	£938.5
Gold Troy oz	$336.75	—3	$339.25
Lead Cash	£288.75	—4.25	£263
3 mths	£287.75	—5.75	£247.25
Nickel			
Free Mkt	187-207c		184 204c
Palladium oz	$110.00	—1	$107.50
Platinum oz	$431.00	—1.25	$404.00
Quicksilver†	$210/220		$220-250
Silver troy oz	336.20p	—8.10	317.70p
3 months	344.10p	—8.15	325.60p
Tin			
free mkt	£3810-640	—10	£3480/52
Tungsten	$59.13		$59.13
Wolfram 22.0lb	$42-50		$45/55
Zinc	£543.25	—2.75	£458.5
3 months	£547.5		£468.75
producers	$840		$780-730
OILS			
Coconut (Phil)	$265y		$237.5
Palm Malayan	$247.5z		$246
Copra Phil	$160u		$145
Soyabean (U.S.)	$152y	+3	$149
GRAINS			
Barley Fut.Sept.	£97.35	+0.45	£98.00
Maize	£134.50		£138.00
Wheat Fut Sept.	£98.70	+0.40	£114.65
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Sept	£1294.5	—23	£1293.5
Coffee Ft. Sept	£1819	+9.5	£1961.5
Cotton A Ind.*	41.15c	—0.5	45.15c
Gas Oil Aug.	$119.75	—0.75	$136.5
Rubber(kilo)	57p		57.5p
Sugar (raw)	$149y	—3	$177
Wooltops 64s	415p kilo		425p kilo

† Unquoted. ‡ Per 75 lb flask. c Cents per pound. x July. u June-July. y July-August. * Cotton Outlook.

COCOA

Following a fairly quiet morning, futures attracted light selling during the afternoon and closed near the lows. Physicals reflected the general lack of interest and failed to appeal to either producers or consumers, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1279-1280	—19.0	1298-1280
Sept	1294-1295	—23.0	1318-1292
Dec	1332-1333	—21.0	1346-1328
March	1365-1367	—17.5	1371-1360
May	1383-1385	—20.5	1395-1382
July	1403-1405	—21.5	1415-1401
Sept	1415-1420	—19.5	1430-1418

Sales: 4,645 (1,867) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for June 17: 88.10 (88.02); five-day average for June 18: 87.23 (87.59).

COFFEE

Values closed slightly higher after a mixed day. Light commission house selling in the morning weakened levels by £29 but by mid-afternoon light trade buying and a steady New York market had helped levels to rally £40, reports Drexel Burnham Lambert.

COFFEE	Yesterday's Close	+ or —	Business Done
July	1777-1779	+5.5	1805-1746
Sept	1818-1820	+9.5	1842-1790
Nov	1854-1855	+7.5	1871-1820
Jan	1887-1888	+4.0	1910-1868
Mar.	1910-1928	+10.0	1950-1878
May	1920-1940	+2.5	1953-1915
July	1930-1960	+2.5	—

Sales: 3,792 (3,392) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for July 16: Comp. daily 1979 149.94 (152.68): 15-day average 156.92 (158.27).

SOYABEAN MEAL

Prices remained steady on good underlying buying from professional sources in an otherwise quiet market, reports Muirpace.

	Latest close £ per tonne	+ or —	Business Done
June	123.5-124.0	+0.50	—
August	124.5-125.8	+0.25	124.5
October	124.0-124.5	+0.25	124.0
Dec.	124.0-124.5	+0.25	124.0
Feb.	127.0-129.0	+2.50	—
Apr.	127.5-129.0	+1.80	—
June	127.0-128.5	+0.50	—

Sales: 42 (153) lots of 20 tonnes.

GRAINS

Old crop wheat found shipper short-covering and reached the day's highs on the close. New crops found profit-taking which gave the market a steady tone, reports T. G. Roddick.

Mnth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
July	111.00	+0.88	—	—
Sept	98.70	+0.40	97.35	+0.45
Nov	101.55	+0.35	100.80	+0.40
Jan	104.70	+0.40	103.90	+0.40
Mar	107.10	+0.45	106.45	+0.45
May	109.40	+0.10	107.65	+0.50

Business done—Wheat: July 111.00-10.20, Sept 98.70-8.20, Nov 101.50-1.05, Jan 104.30, March 107.05-6.50, May 109.10-9.00. Sales: 306 lots of 100 tonnes. Barley: Sept 97.35-6.65, Nov 100.80-0.20, Jan 103.55, March and May untraded. Sales: 39 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Dark Northern Spring No. 1, 15 per cent: July 96.50, Aug 96.00, Sept 95.50 transhipment East Coast. US No. 2 Soft Red Winter: July 87.75, Aug 88.00, Sept 88.75. EEC first-half June 130.00. English feed, fob: July 115.00 seller, Sept 98.75-100.00, Oct 102.00-102.50, Oct/Dec 104.00-104.50 buyer/seller. Maize: US No. 3 Yellow/French transhipment East Coast: June 134.50. Barley: English feed, fob: Aug 98.00, Sept 100.00, Oct/Dec 104.00, Jan/March 109.00 sellers.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 112.80, S. West 114.70, N. West 115.00. The UK monetary coefficient for the week beginning Monday June 23 (based on HGCA calculations using five days' exchange rates) is expected to be unchanged.

JUTE

JUTE—June/July c and f Dundee: BTC $390, BWC $390, BTD $340, BWD $340; c and f Antwerp: BTC $370, BWC $370, BWD $330, BTD $330.

RUBBER

PHYSICALS — The London market opened unchanged, attracted little interest and closed idle, reports Lewis and Peat. Closing prices (buyers): Spot 57.00p (same); July 55.75p (56.25p). August 56.00p (56.50p). The Kuala Lumpur fob price (Malaysian cents per kg): RSS No. 1 was 204.0 (same) and SMR 20 184.5 (same).

FUTURES—Index 557, July 553-557, Aug-Sept 554-556, Oct-Dec 562-565, Jan-March 563-567, April-June 577-581, July-Sept 579-583. Sales: 12.

US MARKETS

COFFEE FUTURES finished $2.73 higher after a nervous performance, reports Heinold Commodities. Despite the lowerr opening call prices rise initially on short-covering and computer fund buying. Local long liquidations then carried values lower which prompted trade interest and some foaster price-fixing buying near the lows. The market closed near the high of the day in absence of any fundamental news. Sugar stayed in a norrow trading range since the market is presently lacking fresh news to give a new direction, and closed only marginally lower. Precious metals paused after Monday's sharp drop with platinum recovering some of the losses late in the sesson. Wheat and maize were litte changed.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
June	54.20	—	—	54 20
July	54.20	54.40	54.20	54.20
Aug	54.20	—	—	54.20
Sept	54.15	54.35	54 15	54 20
Dec	54.55	—	—	55 70
Jan	54.65	—	—	54.80
March	54.80	—	—	54 90
May	54 90	—	—	55.00
July	55.00	—	—	55.10
Sept	55.10	—	—	56.20

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
July	1709	1715	1691	1713
Sept	1778	1780	1751	1766
Dec	1840	1844	1816	1834
March	1888	1885	1869	1877
May	1923	1916	1910	1912
July	1953	1946	1945	1940
Sept	1965	1965	1956	1970

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
July	180.07	180 40	176.50	177.34
Sept	183.25	183.60	178.75	179.94
Dec	186.32	187.25	183.60	185.31
March	189.50	189.50	186.50	188 52
May	191.00	191.00	189.50	189.50
July	192.89	192.50	—	193.50
Sept	197.25	194.50	194.50	195.50

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
June	63.30	—	—	63.75
July	63.45	63.70	63.35	63.75
Aug	63.55	—	—	63.85
Sept	63.70	63.95	62.80	64.15
Dec	64.05	64.20	63.95	64.40
Jan	64.15	—	—	64.60
March	64.40	64.60	64.40	64.85
May	64.60	64.95	64.95	65.05
July	64.80	—	—	65.30
Sept	65.05	—	—	65.50

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
July	67.15	67.72	67.06	67.72
Oct	33.09	33.35	33.08	33.20
Dec	33.31	33.65	33.25	33.53
March	33.85	34.35	33.80	34.00
May	34.46	34.85	34.60	34.82
July	35.17	35.59	35.46	35.60
Oct	36.20	36.40	36.40	36.60

CRUDE OIL (LIGHT) 42,000 US gallons $/barrels

	Latest	High	Low	Prev
July	13.73	13.78	12.53	13.86
Aug	13.24	13.30	13.03	13.22
Sept	13.13	13.17	12.95	13.17
Oct	13.10	13.18	13.03	13.21
Nov	13.16	13.20	13.03	13.21
Dec	13.25	13.35	13.15	13.25
Jan	13.23	13.29	13.23	13.32
Feb	13.20	13.20	13.20	13.25
March	13.23	13.30	13.20	13.30
April	13.40	—	—	13.31

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
June	336.7	337.5	334.8	334.8
July	337.9	—	—	336.1
August	339.3	340.2	337.2	337.5
Oct	342.5	343.0	340.5	340.7
Dec	345.6	346.2	343.5	343.8
Feb	349.1	350.0	346.5	347.4
April	352.4	—	—	350.8
June	355.9	355.5	355.5	354.4
August	359.7	358.5	358.5	358.0
Oct	363.5	363.0	362.5	361.7
Dec	367.5	365.5	365.5	365.5
Feb	371.5	371.5	371.5	370.3
April	375.2	—	—	374.7

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
July	37.60	38.20	37.00	37.79
August	38.50	38.95	37.80	38.79
Sept	39.50	39.90	38.90	39.78
Oct	40.40	40.70	39.85	40.55
Nov	41.10	41.50	40.50	41.35
Dec	41.80	42.35	41.20	42.14
Jan	42.50	42.65	41.90	42.64
Feb	42.60	42.80	42.80	42.64
March	40.70	—	—	40.74
April	38.70	39.00	38.60	38.74

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
July	101.55	101.60	99.60	99.65
Sept	100.70	101 10	100.15	100.70
Nov	102.75	102.20	102.20	102.00
Jan	104.15	103.25	102.06	102.90
July	106.95	—	—	106 20
Sept	108.60	—	—	105.70

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
June	433 4	429.0	427.0	428.9
July	434.4	436.0	428 0	428.7
Oct	438.9	439 9	430 0	432.7
Jan	441 6	438.6	32.5	435.2
April	446 4	444.0	436 0	437.8
July	47.9	448.0	446.0	441.3

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
June	508.2	—	—	505 6
July	507.5	509 5	504.0	507.0
August	510.6	512.0	510 0	510.1
Sept	513.8	516.0	510 0	513.2
Dec	522.9	525 0	520.0	522.4
Jan	526 0	525 0	525.0	525.5
March	532 0	533.5	530.0	531.8
May	538 2	541 5	538 0	537 8
July	544.5	547 0	545.8	544.1
Sept	551.4	560.0	548.0	551 0

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
July	6.32	6.44	6.31	6 34
Sept	6.52	6 58	6.48	6.50
Oct	6.79	6 92	6.79	6.81
Jan	6 97	7 00	6.94	6 95
March	7 36	7 43	7 32	7.33
May	7.55	7.58	7 48	7.49
July	7 69	7.74	7.63	7.67
Sept	7 83	—	—	7 79
Oct	7.90	7.90	7.85	7 [illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
June	55 30	55.42	54.05	53.97
Aug	52.45	52.45	51.55	50.95
Oct	51.45	51.45	50 60	49.95
Dec	54.10	54.10	53 12	52 80
Feb	53.17	53.25	52 30	52 12
April	55.05	55.10	54 40	54 20
June	55 90	56.60	54.86	54.70

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
June	55.45	56.00	54.70	54.10
July	51 30	51 65	50.85	51.25
Aug	46.87	46.70	45.75	46.07
Oct	43.15	43.55	42.86	42.20
Dec	43.65	44.05	43.26	43.27
Feb	42.77	43 00	42.70	42.65
April	39 02	39.15	39.00	39 05
June	40.97	41.00	40.75	40.75
July	41.20	41.35	41.20	41.00

MAIZE 5,000 bu min, cents/56 lb-bushel

	Close	High	Low	Prev
July	231 2	233.0	229 4	230.6
Sept	197 2	199.4	196 2	198.2
Dec	191.2	193.4	189 0	189.6
March	200.0	202 0	197.6	198.6
May	206.2	206 6	202.4	203.0
July	207.6	209.0	205.0	206.0
Sept	196.4	198 0	196.0	196.0

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
July	68 70	69.30	67 00	66.25
August	67.25	68.00	66.30	65.67
Feb	65.95	66.50	64.30	64.90
March	65.30	65.60	64.60	64.20
May	66.85	66.40	64.85	65.20
July	61.27	61.20	60.65	60.60
Aug	60.50	—	—	60.50

SOYABEANS 5,000 bu min, cents/60 lb-bushel

	Close	High	Low	Prev
July	527.4	532.4	525.4	528.4
Aug	520 2	525.0	518.4	520.4
Sept	508.2	514.4	504.2	505.4
Nov	505.2	512 0	499.0	498.6
Jan	512.4	518.4	509.0	506.2
March	523 8	528 4	518.0	516.4
May	529.4	534.0	523.0	522.4
July	532.4	535.0	525.0	527.4
August	531.4	—	—	526.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
July	149.0	150.5	148.0	148.4
Aug	147.8	148.5	146.5	147.0
Sept	145.8	146.5	145.0	145.3
Oct	144.6	145.5	144.5	144.1
Dec	146.4	149.0	146.0	145.7
Jan	148.0	150.0	148.0	146.0
March	150.0	151.0	149.0	148.2
May	154.0	154.0	152.0	152.0
July	157.0	157.0	155.0	154.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
July	16.79	16.82	16.46	16.61
Aug	16.93	16.95	16.60	16.72
Sept	17.06	17.10	16.77	16.92
Oct	17.15	17.18	16.85	16.98
Dec	17.56	17.60	17.23	17.34
Jan	17.62	17.63	17.33	17.45
March	17.92	18.10	17.86	17.70
May	18.40	18.40	18.40	18.10
July	18.40	18.40	18.30	18.32

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
July	242.6	248.0	241:4	243 2
Sept	243 6	248.0	242.0	243.2
Dec	251.6	255 4	250.0	251 2
March	251.2	255.0	249.4	250.0
May	242 0	247.4	241.0	241.4
July	230.6	234.0	230.6	231.0

SPOT PRICES—Chicago loose lard 10 50 (same) cents per pound. Hardy and Harman silver bullion 507.0 (510 5) cent per troy ounce.

SUGAR

LONDON DAILY PRICE—Raw sugar $149.00 (£99.00), down £$3.00 (down £1.00) a tonne for July-Aug delivery.

Prices showed little change in moderate trading conditions, reports C. Czarnikow.

No. 6 Contract	Yesterday close	Previous close	Business done
	$ per tonne F.O.B.		
Aug	145.8-146.0	145.8-148.0	147.0-144.0
Oct	153.8-154.0	153.8-153.8	155.8-152.8
Dec	157.8-159.8	157.0-159.0	158.8 —
Mar	165.2-166.4	164.4-164.8	168.4-165.8
May	169.2-169.6	168.6-169.2	169.4-168.4
Aug	174.8-174.6	172.8-174.0	172.6 —
Oct	177.8-179.8	175.0-178.0	—

Sales: 2,061 (2,588) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £201.50 (£203.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for June 15: Daily price 6.15 (6.29); 15-day average 6.79 (6.85).

PARIS—(FFr per tonne): Aug 1286-1298, Oct 1333-1335, Dec 1349-1355, March 1404-1410, May 1440-1450, Aug 1470-1495.

POTATOES

The market continued to firm in the belief that any rain would not be sufficient to be beneficial to the crop and on scepticism over Met Office forecasts for cooler conditions and rain later in the week. As futures values rose stop-loss buying orders were triggered which brought further buying interest to bear and the market closed strong, reports Coley and Harper.

Month	Yesterdays close	Previous close	Business done
	£ per tonne		
Nov	92.30	93.30	93.00-86.00
Feb	101.50	98.00	97.00
Apr	124.70	115.10	124.80-118.50
May	157.50	136.00	—
Nov	87.50	87.50	—

Sales: 1,257 (582) lots of 40 tonnes.

Earlies—July 89.00, +4.00, 85.00-83.00; Aug 70.00, +2.50. Sept 67.50, +7.50. Sales: 25 lots of 10 tonnes.

GAS OIL FUTURES

Month	Yesterday's close	+ or —	Business Done
	$ US per tonne		
July	118.75	—0.25	118.00-117.00
Aug	119.75	—0.75	120.00-118.00
Sept	121.50	+1.50	121.50-20.75
Oct	123.00	+1.00	123.00-22.25
Nov	124.50	—3.50	125.00-124.00
Dec	127.75	—1.25	—

Turnover: 1,513 (1,283) lots of 100 tonnes.

OIL

In the 15-day market July Brent remained 15-20c above forward months in thin trade. Nymex WTI opened 1c down and traded within a narrow 9-12c range during the morning in sluggish trade on all months. In the petroleum products market gas oil was slightly down in thin trading and gasoline hardened on strong buying interest from majors. Heavy fuel was quiet but less firm as Rotterdam margins fell sharply—Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—July		
Arab Light	—	—
Arab Heavy	—	—
Dubai	10.28-10.35	—0.025
Brent Blend	12.15-12.25	
W.T.I. (1pm est)	13.65-13.70	—0.025
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	168-170	+1
Gas Oil	117-118	—0.5
Heavy fuel oil	54-56	—
Naphtha	113-114	—0.5

Petroleum Argus estimates.

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo			
July	615/618	615/618	615/618
Oct	676/677	676/675	676/677
Jan	698/700	701/698	700/705
April	756/765	—	750/770
July	695/710	—	695/700
Oct	750/770	—	765/775
Jan	795/805	—	795/810
April	850/900	—	850/900
BFI	650.0		650.0

Turnover: 75 (201).

	Close	High/Low	Prev.
Tankers			
June	1125/1150		1190/1180
July	1200	1150	1100
Aug	1040	1000	1000
Sep	1060/1125	1080	1002/1100
Dec	1185/1180	—	1150
Mar	1200	—	1200
BFI	1161.0		1149.0

Turnover: 46 (43).

Plastics company to shed 225 workers

ABOUT 225 workers will lose their jobs with the closure of a factory owned by Ball Plastics at Billericay, Essex, next month. The compression and injection moulding company, which has been in the town for 50 years, is transferring a further 85 workers to a local subsidiary company.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Short covering boosts dollar

The dollar shrugged off the effects of poor economic data yesterday and finished at its best level of the day on renewed corporate demand. Trading volume was thin however with the closure of West German markets, and despite the dollar's firmer tone, it retained an underlying bearish sentiment.

A surprise 7.4 per cent fall in US housing starts in May was considerably worse than expected and was taken by some as further evidence of an economic slowdown. The dollar was only marked down for a short time before recovering towards the close however.

A sudden increase in short covering towards the close of trading in London pushed the dollar to its best level of the day breaking through the top of the trading range seen over the past fortnight to finish at DM 2.2405, up from DM 2.2005 on Monday. Against the yen it rose sharply to Y167.75 from Y165.50 and SFr 1.8500 compared with SFr 1.8170. Against the French franc it finished at FFr 7.14 from FFr 7.0175. On Bank of England figures, the dollar's exchange rate index rose from 114.5 to 115.5.

£ IN NEW YORK

June 17	Latest	Prev. close
£ Spot	$1.5035-1.5045	$1.5050-1.5060
1 month	0.37-0.35pm	0.37-0.35pm
3 months	1.05-0.98pm	1.04-1.08pm
12 months	3.10-2.95pm	3.15-3.05pm

Forward premiums and discounts apply to the US dollar

The dollar had opened firmer after meeting resistance in New York on Monday around the DM 2.20 level. There had also been fears that a further decline would have increased the risk of central bank intervention.

STERLING — Trading range against the dollar in 1986 is 1.5555 to 1.3700. May average 1.5262. Exchange rate index fell to 75.6 from 75.7, having opened at 75.5. The six-months ago figure was 78.5.

Sterling was weaker against the dollar in very quiet trading. However it held steady against its major European trading partners despite uncertainty over oil prices and hopes of lower UK base rates. News of a £1.1bn PSBR figure in May was towards the lower end of market expectations but seemed to have little effect on the pound.

The pound fell to $1.5015 from $1.5225 but was higher against the D-Mark at DM 3.3650 from DM 3.3500 and SFr 2.7775 compared with SFr 2.7650. It was also higher against the French franc at FFr 10.72 from FFr 10.6850 but lost ground to the yen, finishing at Y251.75 from Y252.0.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.70 to 161.65. May average 167.01. Exchange rate index 206.1 against 177.8 six months ago.

The yen lost ground to the dollar in Tokyo yesterday as the US unit recovered on short covering. There was nothing new to influence trading and the dollar's resilience around the DM 2.20 level earlier in New York led to a recovery. While the dollar meets resistance at the lower end in the absence of any fresh economic data, it retains a bearish undertone and is therefore unlikely to improve significantly. Against the yen it rose to Y166.80 up from Y166.25 in New York and Y165.45 in Tokyo on Monday. Elsewhere the D-Mark fell to Y74.90 from Y75.19.

POUND SPOT—FORWARD AGAINST POUND

June 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5010-1.5135	1.5010-1.5020	0.40-0.37c pm	3.08	1.02-0.97pm	2.65
Canada	2.0887-2.0961	2.0895-2.0925	0.32-0.22c pm	1.55	0.62-0.46pm	1.03
Nethlnd.	3.75¾-3.79¼	3.78¼-3.79¼	1⅛-1⅛c pm	3.96	3⅞-3⅛pm	3.63
Belgium	68.29-68.67	68.45-68.55	19-15c pm	2.98	47-41pm	2.57
Denmark	12.40-12.47½	12.46½-12.47½	2⅞-1½ore pm	2.23	8¼-5⅛pm	1.96
Ireland	1.1025-1.1075	1.1045-1.1065	0.10-0.03p pm	0.71	0.20-par pm	0.38
W. Ger.	3.34½-3.37	3.36-3.37	1⅞-1⅞pf pm	5.79	4⅞-4⅞pm	5.13
Portugal	222.67-227.33	223.27-226.43	90-245c dis	−8.91	250-750dis	−8.87
Spain	214.32-214.72	214.32-214.62	60-110c dis	−4.76	140-200dis	−3.17
Italy	2295½-2306½	2296½-2297½	3-8 lire dis	[illegible]	8-16dis	[illegible]
Norway	11.40½-11.47¼	11.41-11.42	[illegible]	[illegible]	[illegible]	[illegible]
France	10.68¼-10.72½	10.71¼-10.72¼	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	10.82½-10.86¾	10.83½-10.84½	[illegible]	[illegible]	[illegible]	[illegible]
Japan	250-252¼	251½-252½	1⅛-1⅛y pm	[illegible]	[illegible]	[illegible]
Austria	23.47-23.58	23.48-23.53	11-9gro pm	[illegible]	[illegible]	[illegible]
Switz.	2.75¼-2.78¾	2.77¼-2.78¾	1⅞-1⅛c pm	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 69.80-69.90. Six-month forward dollar 1.88-1.81c pm. 12-month 3.19-3.09c pm

DOLLAR SPOT—FORWARD AGAINST DOLLAR

June 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5010-1.5135	1.5010-1.5020	0.40-0.37c pm	[illegible]	[illegible]	[illegible]
Ireland†	1.3555-1.3700	1.3555-1.3565	[illegible]	[illegible]	[illegible]	[illegible]
Canada	1.3880-1.3920	1.3910-1.3920	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	2.4930-2.5240	2.5225-2.5235	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	45.25-45.65	45.55-45.65	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	8.21-8.30¾	8.30¼-8.30¾	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	2.2130-2.2410	2.2400-2.2410	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	150¾-151	150¾-151	[illegible]	[illegible]	[illegible]	[illegible]
Spain	141.80-143.30	143.15-143.30	[illegible]	[illegible]	[illegible]	[illegible]
Italy	1520-1532¾	1529¾-1530¾	[illegible]	[illegible]	[illegible]	[illegible]
Norway	7.55¼-7.61¾	7.60-7.60½	[illegible]	[illegible]	[illegible]	[illegible]
France	7.05¼-7.14¼	7.13½-7.14¼	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	7.17-7.22	7.21¼-7.22¼	[illegible]	[illegible]	[illegible]	[illegible]
Japan	166.20-167.80	167.70-167.80	[illegible]	[illegible]	[illegible]	[illegible]
Austria	15.55¾-15.69¼	15.67¾-15.69¼	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	1.8250-1.8510	1.8495-1.8505	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 45.80-45.90

EXCHANGE CROSS RATES

Jun. 17	£	$	DM	YEN	F Fr.	S Fr.	H FL	Lira	C $	B Fr.
£	1.	1.502	3.365	251.8	10.72	2.778	3.789	2297.	2.097	68.50
$	0.666	1.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DM	0.297	0.446	1.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	3.972	5.964	13.37	1000.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	0.933	1.401	3.139	234.9	10.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	0.360	0.541	1.212	90.64	3.860	1.	[illegible]	[illegible]	[illegible]	[illegible]
H FL	0.264	0.396	0.888	66.47	2.830	0.733	1.	[illegible]	[illegible]	[illegible]
Lira	0.435	0.654	1.465	109.6	4.667	1.209	1.649	1000.	[illegible]	[illegible]
C $	0.479	0.719	1.613	120.6	5.137	1.331	1.815	1101.	1.	32.62
B Fr.	1.460	2.192	4.912	367.6	15.66	4.056	5.532	3356.	3.047	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

June 17	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmrk	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	10-12	11½-13	11¾-12¾	11¾-12¾	11¾-12¾	11¾-12½
B.Fr.(Fin)	6¾-7	7-7¼	7⅛-7⅜	7⅛-7⅜	7⅛-7⅜	7⅛-7⅜
B.Fr.(Con)	6¾-7	7-7¼	7⅛-7⅜	7⅛-7⅜	7⅛-7⅜	7⅛-7⅜
Yen	4⅛-4⅜	4⅛-4⅜	4⅜-4⅝	4⅜-4⅝	4⅜-4⅝	4⅝-4⅞
D. Krone	8⅞-9⅜	8⅜-8⅞	8⅛-8⅝	8¼-8¾	8¼-8¾	8¼-8¾
Asian $ (Sng)	6⅛-7⅛	6⅛-7⅛	6⅛-7⅛	6⅛-7⅛	6⅛-7⅛	7⅛-7¼

Long-term Eurodollars: two years 7⅝-7⅞ per cent; three years 8⅛-8⅜ per cent; four years 8¼-8½ per cent; five years 8½-8¾ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

CURRENCY MOVEMENTS

June 17	Bank of England Index	Morgan Guaranty Change %
Sterling	75.5	−15.4
U.S. dollar	115.5	+5.9
Canadian dollar	78.5	−12.4
Austrian schilling	136.2	+7.0
Belgian franc	95.4	−7.5
Danish Kroner	85.8	−1.3
Deutsche mark	135.0	+14.4
Swiss franc	159.1	+17.3
Guilder	124.9	+9.0
French franc	66.1	−13.6
Lira	46.4	−1.4
Yen	209.1	+51.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

June 16	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.772795	0.640451
U.S. $	6½	1.16603	0.966091
Canadian $	8.79	[illegible]	[illegible]
Austria Sch	4	18.3358	15.0903
Belgian Fr	8	53.0370	43.8893
Danish Kr	7	9.64808	7.96300
D'mark	3½	[illegible]	2.14762
Guilder	4½	2.93300	2.41909
French Fr	9½	8.27956	6.84952
Lira	12	N/A	1473.77
Yen	4	194.243	161.357
Norwgn Kr	8	[illegible]	[illegible]
Spanish Pta	—	166.053	137.486
Swedish Kr	7½	[illegible]	[illegible]
Swiss Fr	4	2.15363	1.77084
Greek Drch	20½	163.866	135.644
Irish Punt	—	N/A	0.708018

* CS/SDR rate for June 16: 1.62294

OTHER CURRENCIES

June 17	£	$
Arg'tina	[illegible]	[illegible]
Australia	[illegible]	[illegible]
Brazil	[illegible]	[illegible]
Finland	[illegible]	[illegible]
Greece	[illegible]	[illegible]
H'kong	[illegible]	[illegible]
Iran	[illegible]	[illegible]
Kuwait	[illegible]	[illegible]
Luxemb'rg	[illegible]	[illegible]
Malaysia	[illegible]	[illegible]
N'Zland	[illegible]	[illegible]
Saudi Ar.	[illegible]	[illegible]
Sin'pore	[illegible]	[illegible]
S. Af. (Cm)	[illegible]	[illegible]
S. Af. (Fn)	[illegible]	[illegible]
U.A.E.	[illegible]	[illegible]

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu June 17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	43.6761	43.8823	+0.47	+0.60	±1.5336
Danish Krone	7.91896	7.96300	+0.56	+0.69	±1.6408
German D-mark	2.13834	2.14762	+0.43	+0.56	±1.1202
French Franc	6.96280	6.84952	−1.64	−1.51	±1.3701
Dutch Guilder	2.40935	2.41908	+0.40	+0.53	±1.5081
Irish Punt	0.712956	0.708018	−0.69	−0.56	±1.6669
Italian Lira	1496.21	1473.77	−1.50	−1.50	±4.0788

Changes are for Ecu, therefore positive change denotes a week currency. Adjustment calculated by Financial Times.

FINANCIAL FUTURES

Nervous trading

Trading in dollar denominated interest rate contracts was nervous on the London International Financial Futures Exchange, ahead of today's release of revised first quarter US gross national product growth. Last month the GNP figure was surprisingly revised up to 3.7 per cent from 3.2 per cent. The strong first quarter growth has since been dismissed as the result of stockbuilding and defence spending, but traders were concerned that any further marked revision may move the market quite sharply, even though attention is turning towards the second quarter, where growth is expected to be much lower. Dealers also suggested that profit taking was likely to develop if the September Treasury bond contract reached 98-00. Yesterday's peak was 97-13, on news that US housing starts in May fell 7.4 per cent.

Eurodollar futures were firmer, on a revival of hopes of a cut in the Federal Reserve's discount rate, encouraged by a low Federal funds rate.

Short sterling deposits weakened slightly, but the market remained optimistic of lower bank base rates in the near future.

Gilts failed to react favourably to a smaller than forecast public sector borrowing requirement of £1.1bn in May, losing ground as speculation increased of the Government issuing a tap stock.

LIFFE LONG GILT FUTURES OPTIONS

Strike price	Calls—Last Sept	Dec	Mar	June	Puts—Last Sept	Dec	Mar	June
116	6.25	7.19	—	—	0.41	1.47	—	—
118	4.56	5.61	—	—	1.08	2.25	—	—
120	3.36	4.50	—	—	1.52	3.14	—	—
122	2.32	3.50	—	—	2.48	4.14	—	—
124	1.43	2.59	—	—	3.59	5.23	—	—
126	1.04	2.14	—	—	5.20	6.42	—	—
128	0.41	1.42	—	—	6.57	8.06	—	—
130	0.24	1.13	—	—	8.40	9.41	—	—

Estimated volume total, Calls 349, Puts 90
Previous day's open int., Calls 7,067, Puts 3,103

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike price	Calls—Last Sept	Dec	Mar	June	Puts—Last Sept	Dec	Mar	June
88	9.61	9.16	—	—	0.31	1.34	—	—
90	7.19	7.53	—	—	0.53	2.07	—	—
92	5.51	6.36	—	—	1.21	2.63	—	—
94	4.31	5.25	—	—	2.01	3.43	—	—
96	3.24	4.25	—	—	2.58	4.43	—	—
98	2.10	3.34	—	—	3.63	5.52	—	—
100	1.47	2.51	—	—	5.17	7.05	—	—
102	1.12	—	—	—	6.46	—	—	—

Estimated volume total, Calls 147, Puts 26
Previous day's open int., Calls 1,352, Puts 340

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike price	Calls—Last July	Aug	Sept	Dec	Puts—Last July	Aug	Sept	Dec
1.30	—	—	—	—	—	—	—	—
1.35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.55	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume total, Calls 349, Puts 21
Previous day's open int. Calls 2,746, Puts 2,772

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last July	Aug	Sept	Dec	Puts—Last July	Aug	Sept	Dec
1.30	—	—	—	—	—	—	—	1.50
1.35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.70
1.40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.05
1.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.30
1.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.20
1.55	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.75
1.60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.80

Previous day's open int. Calls 4,367, Puts 1,641
Volume, 509

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last July	Aug	Sept	Dec	Puts—Last July	Aug	Sept	Dec
1.30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.55	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Previous day's open int: Calls 26,368, Puts 21,204
Previous day's volume: Calls 1,007, Puts 1,842

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike price	Calls—Last Sept	Dec	Mar	June	Puts—Last Sept	Dec	Mar	June
92.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
92.25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
92.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
92.75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
93.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
93.25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
93.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Previous day's open int: Calls 348, Puts 728
Volume: —

CHICAGO

US TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	91-13	91-30	91-13	91-05

US TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	92.51	92.51	—	[illegible]

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

	Spot	1-mth.	3-mth.	6-mth.	12-mth.
	1.5015	1.4978	1.4915	1.4830	1.4701

IMM—STERLING Se per £

	Latest	High	Low	Prev
Sept	1.4950	1.5050	1.4940	1.4995
Dec	1.4890	1.4950	1.4860	1.4905
March	1.4770	1.4850	1.4770	1.4800
June	—	—	—	1.4720

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
June	—	—	—	1.5220
Sept	1.4970	1.4960	1.4935	1.5110
Dec	1.4895	—	—	1.5030
March	1.4820	—	—	—

Est. Volume 115 (57)
Previous day's open int. 763 (1,503)

STERLING INDEX

	June 17	Previous
8.30 am	75.5	75.8
9.00 am	75.5	75.9
10.00 am	75.5	75.9
11.00 am	75.6	75.9
Noon	75.7	75.8
1.00 pm	75.6	75.8
2.00 pm	75.6	75.8
3.00 pm	75.7	75.9
4.00 pm	75.6	75.7

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

LONDON

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume 1,948 (2,946)
Previous day's open int. 17,188 (17,612)

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume 125 (230)
Previous day's open int. 1,106 (1,097)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
June	121-16	122-01	122-01	122-19
Sept	121-26	122-18	121-22	122-25
Dec	121-18	122-10	121-21	122-19
March	121-14	—	—	122-25

Estimated volume 6,075 (6,016)
Previous day's open int. 20,071 (20,288)
Basis quote (clean cash price of 13% Treasury 2004-08 less equivalent price of near futures contract) −6 to 4 (32nds)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
June	161.15	161.60	160.35	161.00
Sept	164.05	164.30	163.30	163.90
Dec	166.50	—	—	166.35

Est. Volume 468 (276)
Previous day's open int. 2,624 (2,624)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	93.00
Sept	[illegible]	[illegible]	[illegible]	93.21
Dec	[illegible]	[illegible]	[illegible]	93.09
March	[illegible]	[illegible]	[illegible]	92.86
June	[illegible]	[illegible]	[illegible]	92.56
Sept	[illegible]	[illegible]	[illegible]	92.28
Dec	[illegible]	[illegible]	[illegible]	91.98

Est. Volume 5,660 (5,806)
Previous day's open int. 17,805 (21,819)

US TREASURY BONDS
$100,000 32nds of 100%

	Close	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	97-08
Sept	[illegible]	[illegible]	[illegible]	96-19
Dec	[illegible]	[illegible]	[illegible]	95-23

Est. Volume 8,603 (7,520)
Previous day's open int. 6,175 (5,367)

Company Notices

CREDIT NATIONAL

BONDS 1978-1988
FLOATING RATE NOTES OF US$1,000
EARLY REDEMPTION

The holders of Bonds 1978-1988 of US$1,000 floating rate notes are advised that all the outstanding securities will be redeemable at 100.50% in advance as of 21 July 1986 at the offices of the following establishments:
—FRENCH AMERICAN BANKING CORPORATION, New York
—BANQUE NATIONALE DE PARIS (LUXEMBOURG) S.A., Luxembourg
—BANQUE INTERNATIONALE à LUXEMBOURG, Luxembourg
—BANQUE NATIONALE DE PARIS, Paris
—MORGAN GUARANTY TRUST COMPANY of NEW YORK, Bruxelles
—SOCIETE DE BANQUE SUISSE, Basle
—SOCIETE GENERALE, Paris
—UNION DE BANQUES SUISSES, Zurich

COMPAGNIE DE SAINT GOBAIN

Public Company with a capital of F 3.583.628.000
Registered Office: "Les Miroirs" 18 Avenue d'Alsace 94200 COURBEVOIE
RCS NANTERRE B 542 039 532

PARICIPATING STOCK APRIL 1984 OF ECU 1.000 EACH

ORDINARY GENERAL MEETING TO BE HELD ON JUNE 26, 1986

As the ordinary general Meeting provided on June 12, 1986 for the participating stock owners of ECU 1.000 issued in April 1984 by SAINT-GOBAIN, could not deliberate, missing the quorum, the participating stock owners are again convened by the board of directors in ordinary general Meeting as of June 26, 1986, at 3.45 pm at the registered office of the Company, "Les Miroirs" 18 Avenue d'Alsace in COURBEVOIE (92400). This meeting will enact on the following agenda:
—Board of directors' report on the company's operations for financial year 1985.
—Auditors' report on financial year 1985's accounts and elements for fixing the participating stock yield.
—Fixing the income of the masse entitled representatives.
—Power for formalities.

To attend the meeting the participating stock owners will have to provide a blocking affidavit issued by the trustee and in order to appoint a deputy at the meeting they will have to add a proxy to this affidavit.

The deposit effected and the power sent for the meeting of June 12, 1986 is still available for the hereby mentioned meeting.

THE BOARD OF DIRECTORS.

DIMOSIA EPIHIRISIS ELEKTRISMOU

(Public Power Corporation)
US$150,000,000 Floating Rate Notes due 1997

Notice is hereby given that for the interest period commencing on June 19, 1986 the US dollar notes will bear interest at the rate of 7⅛% per annum. The interest payable on September 19, 1986 against Coupon No. 4 will be US$18.527778 per US$1,000 nominal.

Fiscal Agent
ORION ROYAL BANK LTD

MONEY MARKETS

Credit in good supply

Very short term interest rates were marked down on the London money market yesterday, but three-month money was unchanged on the interbank market at 9½-9⅞ per cent, and six-month and 12-month funds were also steady. The immediate prospects for interest rates did not change yesterday, with dealers still uncertain about the timing of the next cut in bank base rates. But with overnight money available at under 10 per cent, and conditions looking reasonably comfortable in the market for most of the week, seven-day rates also moved down. Liquidity was almost adequate for the needs of the market yesterday, and another comfortable day is expected today. Although a shortage may reappear by Friday, dealers were fairly confident of having enough short-dated bills to deal with the situation.

The Bank of England initially forecast a flat position on the money market yesterday, but revised this to a shortage of £100m in the afternoon. The authorities did not operate in the market during the morning, and after lunch bought £100m bills outright, by way of £55m bank bills in band 2 at 9⅞ per cent; and £45m in bank bills in band 3 at 9⅞ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £233m, with bank balances below target absorbing another £40m. These factors were balances by Exchequer transactions adding £230m to liquidity and a fall in the note circulation of £55m.

In Paris sources at the French Finance Ministry were reported to have said that France does not plan to take the lead in any new round of co-ordinated interest rate cuts. It was said that France would go no further in lowering rates after the Bank of France cut its money market intervention rate by ¼ per cent to 7 per cent on Monday. At yesterdays weekly Treasury bill tender the Bank of France sold FFr 1.06bn worth of 13-week Treasury bills at rates between 6.46 per cent and 6.50 per cent. The top rate compared with 6.76 per cent last week.

UK clearing bank base lending rate 10 per cent since May 23.

NEW YORK RATES

(Lunchtime)

Prime rate	8½
Broker loan rate	8
Fed funds	6$\frac{11}{16}$
Fed funds at intervention	6$\frac{15}{16}$

Treasury Bills & Bonds

One month	5.94
Two month	5.95
Three month	6.26
Six month	6.47
One year	6.60
Two year	7.07
Three year	7.22
Four year	7.41
Five year	7.49
Seven year	7.59
10 year	7.66
30 year	7.44

FT LONDON INTERBANK FIXING

(11.00 a.m. June 17)

Three months US dollars		Six months US dollars	
bid 6⅞	Offer 7	bid 6⅞	Offer 7

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

June 17	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	8-10	9¾-10⅛	9⅞-10	9$\frac{11}{16}$-9$\frac{13}{16}$	9½-9⅝	9½-9⅝
Sterling CDs	—	—	9$\frac{11}{16}$-9$\frac{13}{16}$	9⅝-9$\frac{11}{16}$	9⅜-9½	9⅜-9½
Local Authority Depos	9-9¾	10-10⅛	9½-10	9¾-10	9½-9⅝	9½-9$\frac{11}{16}$
Local Author'y Bonds	—	—	10⅛	9$\frac{13}{16}$	9¾	9¾
Discount Mkt. Depos.	6-9½	9¾-9⅞	9¾	9¼	—	—
Company Depos.	8½-10¼	9¾-10⅛	9⅞-10	9$\frac{11}{16}$-9$\frac{13}{16}$	9½-9⅝	9$\frac{7}{16}$-9⅝
Finance House Depos	—	—	9$\frac{13}{16}$	9¾	—	—
Treasury Bills (Buy)	—	—	9$\frac{11}{16}$	9$\frac{5}{16}$	—	—
Bank Bills (Buy)	—	—	9$\frac{13}{16}$	9$\frac{9}{16}$	9⅛	—
Fine Trade Bills (Buy)	—	—	10$\frac{3}{16}$	10$\frac{1}{16}$	9¾	—
Dollar CDs	—	—	6.85-6.90	6.9-6.95	6.95-7.0	7.10-7.15
SDR Linked Depos	—	—	[illegible]	[illegible]	[illegible]	[illegible]
ECU Depos	—	—	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month 9⅝ per cent; three months 9⅝ per cent. Bank Bills (sell): one-month 9⅝ per cent; three months 9⅝ per cent. Treasury Bills: Average tender rate of discount 9.3822 per cent. ECGD Fixed Finance Scheme IV reference date May 7 to June 3 (inclusive) 10.178 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ per cent from June 1, 1986. Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10 per cent; one-three months 9¾ per cent; three-six months 9¾ per cent; six-nine months 9½ per cent; nine-12 months 9½ per cent. Under £100,000 9¾ per cent from June 5. Deposits held under Series 5 9¾ per cent. Deposits withdrawn for cash 5½ per cent.

MONEY RATES

June 17	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'tn
Frankfurt	4.20-4.35	4.40-4.55	4.45-4.60	4.45-4.60	4.50-4.65	5.5
Paris	7¼	7¼-7¼	7¼-7¼	7¼-7¼	7¼-7¼	7
Zurich	7½-1½	5½-5¼	—	[illegible]	—	—
Amsterdam	6¼	6¼	—	[illegible]	—	—
Tokyo	4.34375	4.59375	—	[illegible]	—	—
Milan	12 12¼	12 12¼	—	[illegible]	—	—
Brussels	4.55	7¼-7¾	—	[illegible]	—	—
Dublin	9½-9¾	9⅛-9⅛	9⅝-9⅞	9⅞-9⅞	9¾-9⅞	—

NBD BANCORP, INC.
US$100,000,000
Floating Rate Subordinated Notes Due 2005

Notice is hereby given that for the interest period 18th June, 1986 to 18th September, 1986 the interest rate has been fixed at 7⅛%. Interest payable on 18th September, 1986 will amount to US$182.08 per US$10,000 Note.

Agent Bank:
Morgan Guaranty Trust Company of New York
London

NOTICE OF INTEREST RATE

To the Holders of
International Bank for Reconstruction and Development
Undated U.S. Dollar Floating Rate Notes of 1985

In accordance with the provisions of the Notes, notice is hereby given that the above Notes will bear interest for the period from June 18, 1986 to and including September 18, 1986 at a rate per annum of 6.93227% payable on September 18, 1986 in the amount of $174.73 in respect of each $10,000 principal amount of Notes and $4,368.18 in respect of each $250,000 principal amount of Notes.

MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Fiscal Agent

Dated: June 18, 1986

THE MINISTRY OF FINANCE OF THE KINGDOM OF THAILAND
US$300,000,000
Floating Rate Notes due 2005

Notice is hereby given that for the interest period 18th June, 1986 to 18th December, 1986 the interest rate has been fixed at 7⅛%. Interest payable on 18th December, 1986 will amount to US$365.36 per US$10,000 Note and US$9,134.11 per US$250,000 Note.

Agent Bank:
Morgan Guaranty Trust Company of New York
London

COMALCO FINANCE LIMITED
US$100,000,000
Guaranteed Floating Rate Notes due 1993

Notice is hereby given that for the interest period 18th June, 1986 to 18th September, 1986 the interest rate has been fixed at 7%. Interest payable on 18th September, 1986 will amount to US$178.89 per US$10,000 Note.

Agent Bank:
Morgan Guaranty Trust Company of New York
London

LONDON SHARE SERVICE

BRITISH FUNDS

1986 High	1986 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
102⅛	100½	Exch. 14pc 1986	101[illegible]	-⅛	13.79	9.42
98¼	94¾	Exch. 2½pc 1986	98½	-[illegible]	2.54	6.05
102[illegible]	100¼	Exch. 13¼pc 1987	102¼xd	-[illegible]	12.96	9.30
100¾	97[illegible]	Treas 10½pcCv '87	100[illegible]	.....	10.19	9.27
97[illegible]	92[illegible]	Exch 2½pc 1987	97½	.....	2.56	6.25
101¼	97½	Exch. 10½pc 1987	100¾	.....	10.41	9.27
98¼	93¼	Funding 6½pc '85-87‡‡	98¼	-[illegible]	6.62	8.59
101¼	96[illegible]	Treas. 10pc 1987	100¼	-[illegible]	9.95	9.18
97[illegible]	90¾	Treas 3pc 1987	96¼xd	-[illegible]	3.10	6.19
104½	99¼	Treas. 12pc 1987	103½	-[illegible]	11.59	9.16
99¼	92[illegible]	Treas 7¾pc 1985-88‡‡	98¼	-[illegible]	7.86	8.66
104	96¼	Exch 10½pc '88	102¼	-[illegible]	10.24	8.94
102¾	95¼	Treas 9¾pc Cv '88	101[illegible]xd	-[illegible]	9.63	9.02
94¼	86¾	Transport 3pc '78-88	93[illegible]xd	-[illegible]	3.22	6.50
102½	93[illegible]	Treas. 9½pc '88	100¾	-[illegible]	9.42	9.05
107[illegible]	98[illegible]	Treas 11½pc 1989	105¼	-[illegible]	10.88	9.01
103½	93¼	Treas 9½pc Cnv. '89	101[illegible]	-[illegible]	9.38	8.95
92¼	82[illegible]	Treas 3pc 1989	91¼	.....	3.30	6.35
105[illegible]	95[illegible]	Treas 10½pc 1989	103[illegible]xd	-[illegible]	10.12	9.01
104[illegible]	94¼	Exch 10pc 1989	102[illegible]	-[illegible]	9.77	9.08
107[illegible]	97	Exch 11pc 1989	105[illegible]	-[illegible]	10.44	9.01
93[illegible]	84½	Treas 5pc 1986-89	92¼	-[illegible]	5.39	7.49
110[illegible]	94¾	Exch 10¼pcCv '89	105[illegible]	-[illegible]	9.66	8.15
114[illegible]	103[illegible]	Treas 13pc 1990‡‡	112¼xd	-[illegible]	11.58	8.92
108¼	97¼	Exch 11pc 1990‡‡	106[illegible]	-[illegible]	10.36	8.96
113¾	101[illegible]	Exch. 12½pc 1990	111[illegible]	-[illegible]	11.24	8.89
89¼	79¾	Treas. 3pc 1990	89[illegible]	.....	3.35	6.09
100[illegible]	89¼	Treas 8¼pc 1987-90‡‡	98[illegible]xd	-[illegible]	8.34	8.57
106[illegible]	93	Treas. 10pcCv 1990	103[illegible]	-[illegible]	9.62	8.87
86[illegible]	76¼	Exch 2½pc 1990	86¼	-[illegible]	2.91	6.13
112[illegible]	99[illegible]	Treas 11¾pc 1991	110½xd	-[illegible]	10.63	8.90
94¼	83[illegible]	Funding 5¾pc '87-91‡‡	93¾	-[illegible]	6.13	7.28
86¼	86	Treas. 3pc 1991●	86[illegible]	.....	3.49	6.35
		Five to Fifteen Years				
110¾	96[illegible]	Exch. 11pc 1991	108¼	-[illegible]	10.11	8.90
118¾	103¾	Treas 12¾pc 1992‡‡	115¾xd	-[illegible]	11.00	9.07
107¼	92[illegible]	Treas 10pc 1992	104½	-[illegible]	9.57	8.96
109¾	94[illegible]	Treas 10½pc Cv 1992‡‡	106¾	-½	9.85	9.02
117¼	101[illegible]	Exch. 12¼pc '92	114¾	-[illegible]	10.71	9.15
123¼	106¾	Exch 13½pc 1992	119¾	-[illegible]	11.26	9.23

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

1986 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
160	82	♦Midland Marts	153	+1	♦4.0	2.1	3.7	18.3
78½	61	Mitchell Cotts	68	.....	4.25	1.5	9.5	(8.9)
109	81	♦Monks & Crane 10p	108	.....	L2.7	2.9	3.6	13.0
317	210	Morgan Crucible	315	.....	8.5	♦	3.8	♦
23½	15½	♦Morris (W) F.A. 20p	19	+1	—	—	—	—
139	96	Moss (Robt.) 10p	126	.....	♦3.5	2.7	3.7	13.6
120	65	Mysun Grp 10p	120	.....	2.63	2.6	3.1	15.5
345	259	♦NMW Computers	315	.....	6.0	3.0	1.0	18.1
40	27	Nash Inds.	37	.....	0.5	—	1.9	—
27½	15½	Neil & Spencer 10p	23	.....	♦	—	—	—
38	28	Newman Inds 10p	37	.....	0.8	1.2	3.1	(35.0)
69	47	Nolton	51	.....	†0.95	7.0	2.6	7.3
132	96	♦Norank Systems 5p	132	+2	s3.0	♦	3.2	♦
272	187	Norcros	268	.....	9.9	♦	5.0	♦
114	49	Nu-Swift 5p	106	–2	3.5	2.1	4.7	14.3
£303	£228	OCE 9pc Cnv 1987-92	£305	.....	Q9%	—	†9.5	—
118	80	Oakwood Grp.	118	.....	5.0	1.3	6.4	15.3
250	203	Office & Elect	298	–4	8.5	2.9	5.0	9.7
102	70	Oldacre 20p	87	.....	†4.0	2.6	6.5	7.7
36	24	♦Optometrics $0.01	24	.....	ad02c	2.1	6.5	8.0
765	500	Oriflame £1	740	.....	24.5	2.1	4.5	14.8
10	7	Ovenstone 12½c	7	.....	g03.25c	1.9	12.1	4.4
		For Ozalid 9pc Cnv see OCE 9pc Cnv						
142	85	♦PCT Grp 10p	135	–7	3.2	1.2	4.9	(33.2)
£20½	950	PLM 'B' Sk 25	£13¼	.....	Q25.2%	0.3	4.8	—
184	114	PSM Intl.	178	.....	5.5	2.1	4.4	13.6
255	167	♦Pacer Systems $0.07	200	.....	L03.84c	3.4	1.3	22.3
78	56	♦Pacific Sales 10p	64	.....	3.0	2.1	6.6	8.4
342	225	Park Place 20p	330	.....	♦16.25	1.9	2.7	27.7
433	246	Parker Knoll 'A'	433	+8	†9.5	2.9	3.1	15.8
525	208	♦Parkfield Group 5p	500	+45	†2.4	2.4	0.7	83.6
53	30	♦Pawson Intl	37	–2	—	—	—	♦
£130	£92	Do 11pc CvLn '94-02	£103	+1	Q11%	—	(11.0)	—
527	393	Pearson	518	–3	10.0	2.8	2.7	17.3
26	12	Peek Holdings 7p	24	–1	—	—	—	—
130	98	Peerless	123	–2	6.3	—	7.2	—
890	283	Pentland 10p	875	–15	1.5	22.4	0.2	24.8
£14	775	Photo-Me	£10	.....	†5.08	8.3	0.7	20.4
475	315	Pilkington Br. £1	425xd	+6	13.5	♦	4.5	♦
£388	£293	Pitney-Bowes Cnv. Ln.	£388xd	.....	Q5½%	♦	1.4	♦

LEISURE—Continued

1986 High	Low	Stock	Price	+ or –	Div Net
115	58	Leisuretime Int 10p	103	.....	†2.5
117	100	♦Lewtar	105	.....	s2.63
220	145	♦Media Tech Int 20p	145	.....	L2.58
175	140	Medminster 10p	140	.....	†5.35
220	130	♦Miss World 10p	210	.....	5.2
90	62	Nationwide Leisure	86	.....	t3.75
17	10½	♦Norsio Int 20c	13	.....	—
34½	29	♦Owners Abroad 5p	33½	.....	1.5
90	46	Photax (Lon.)	75	+5	—
34	28½	♦P'dlly Radio NV 5p	29	.....	2.0
80	37	♦Pineapple Dnc St 10p	72	.....	♦
391	280	Pleasurama 5p	308	+2	7.5
178	136	Do. 7pcCvCmRedPf	140	+2	7%
		For Pres Entertainment see Hotels			
43	18	♦Radio City 'A' NV	30	.....	—
48	33	♦Radio Clyde N/V	42	.....	3.25
375	322	Really Useful Grp 5p	364	.....	h11.25
64	44	Riley Leisure 10p	44	.....	—
230	165	Saga Hols. 20p	178	.....	4.6
355	255	Samuelson Grp 20p	285	.....	t2.4
123	73	♦Sangers Photo 10p	106xd	+2	♦2.2
178	142	♦Scarro 50p	150xd	.....	4.0
332	175	Scott. TV 10p	332xd	.....	10.5
294	114	SeaCo Inc $0.125	223	.....	—
26	7	♦SelecTV 10p	17	.....	—
37	20	♦Spectrum 5p	22	.....	♦1.20
43	31	TSW 5p	40	+1	†1.7
295	150	TVS N/Vtg 10p	290	.....	8.0
188	120	♦Television Svcs 50p	120	–5	2.0
72	50	Tottenham Hotspur	72	.....	♦4.0
96	66	♦TriVon 10p	78xd	.....	1.1
260	140	♦Tyne Tees TV 'A' £1	245	–15	a10.5
130	104	Ulster TV N/V 'A'	130	.....	†5.25
100	63	♦Viewplan 5p	85	.....	a1.26
198	118	WSL 5p	190	+4	—
28	17½	Webb (Jos.) 5p	23	.....	d0.5
27½	16½	♦Williams (Rex) 5p	20	–½	0.91
186	125½	Zetters 5p	166	.....	†4.0

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

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TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

"Recent Issues" and "Rights" Page 37 (International Edition Page 33)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £675 per annum for each security.

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
June 2	June 12	June 13	June 23
June 16	June 26	June 27	July 7
June 30	July 10	July 11	July 21

* "New-time" dealings may take place from 9.30 am two business days earlier.

Equity leaders extend their rise but Gilts fall with sterling

Exchange rate influences were largely responsible for the two principal sectors of London stock markets pursuing divergent trends yesterday. International and other leading shares made fresh headway but Government securities lost firmness as sterling slipped back from the recent high on the dollar. A bout of short-covering in thin foreign exchange markets caused the US currency to rally against most currencies.

Top-quality equities were none too sure in the opening business. Dealers expressed doubts over a continuation of Monday's firmness because of Wall Street's inability on Monday to hold good early gains. The counter-attraction of Royal Ascot was expected to restrict attendance and most traders had resigned themselves to a slow session.

Some fund-managers thought otherwise, however, and committed fresh funds to a range of leading and secondary industrials. British Telecom was a major beneficiary and one of the few stocks to trade actively ahead of tomorrow's preliminary statement. The continued lack of selling inhibited trade generally but at the same time gave the market underlying support. Uninspiring comment on spending trends following the surprise fall in May retail sales failed to convince holders of Store shares to dispose of stock.

With the exception of an early morning hiccup, the FT Index rose progressively and the FT-SE 100 Share closed 11.7 up at the session's best of 1605.3. Its sister index, the FT Ordinary Share ended 7.4 better at 1326.0.

The possibility of another round of international interest rate cuts gave little comfort to the Gilt-edged Market. Prices went lower with the pound and, despite attempts to rally, closed near the day's lowest. Potential buyers may have been deterred by the prospect of new official funding and trade for the most part was one-way. Many longs settled ½ down, after ⅝, while index-linked stocks reacted further to Friday's news that UK inflation, at 2.8 per cent, was the lowest since 1968. The longest-dated issue shed ¾ more to 96⅛.

Composites up again

Composites took the previous day's rally a stage further. Royals, at 857p, and Commercial Union, at 306p, improved 5 and 6 respectively with the help of a broker's recommendation. General Accident put on 10 at 797p as did Sun Alliance at 667p, while GRE moved up 15 at 852p. Elsewhere, Windsor Securities rose 4 to 44p following the announcement that Channel Hotels and Properties had increased its stake in the company to 20.26 per cent. Other Lloyd's Brokers gained ground on currency influences. Willis Faber rose 8 at 405p and Hogg Robinson firmed 7 at 298p, while Minet appreciated 6 at 237p. Bradstock added 15 at 345p.

Clearing banks were featured by a further recovery in NatWest; the old shares closed 7 to the good at 475p and the new nil-paid 11 dearer at 273p premium. Midland edged forward a couple of pence at 527p, but Barclays softened that much to 485p. Elsewhere, Standard Chartered, at 805p, lost 12 of Monday's Press-inspired gain of 22; bidders Lloyds ended 2 off at 353p.

Task Force, the computer personnel agency, achieved a reasonable premium on the first day of trading in the Unlisted Securities Market. Placed at 95p, the shares opened at 108p and improved to close at 110p.

An otherwise low-key session in Buildings was highlighted by Meyer International which moved up 10 to 270p following the preliminary figures and accompanying statement. Annual results from Countryside Properties were given a good reception and the shares improved 6 to 434p. Elsewhere, Tysons edged up 3 to 57p.

Stylo wanted

Long-time bid candidate Stylo attracted fresh support and touched 241p amid market talk that the chairman, Mr Arnold Ziff, was in poor health. This was quickly denied by the company and the shares settled at 233p, a gain of 18 on the session.

Interest in Stores was mainly confined to secondary counters. Alexon advanced 9 to 157p after revealing annual profits in excess of most estimates. Goldsmiths, on the other hand, eased a couple of pence to 226p following the preliminary profits setback. Buyers returned for Lee Cooper which advanced 16 to 206p in front of today's annual meeting, while revived interest was also noted for Underwoods, 4 up at 169p, Laura Ashley, finally 7 better at 198p, and Bentalls, 8 dearer at 178p. In contrast, Wigfalls fell 5 to 122p reflecting nervous offerings in front of tomorrow's full-year figures, while Bremner eased a couple of pence to 42p in the wake of the acrimonious exchanges between the current and former chairmen.

British Telecom, up 8 at 232p ahead of tomorrow's preliminary figures, provided the main source of interest in the Electrical leaders. Cable and Wireless, scheduled to reveal annual results next Wednesday, advanced 13 to 668p helped by the announcement of preliminary figures from its Hong Kong subsidiary. Elsewhere, Alphameric, boosted by the increased dividend and annual profits, advanced 13 to 180p, but Apricot were a weak market on the bigger annual loss and fell away to 52 before staging a rally to close 11 down on balance at 69p. Buyers showed interest in Wordplex, which rose 7 to 57p, while MK Electric, awaiting next Wednesday's annual statement, put on 17 more to 395p. Emess Lighting, currently bidding for Rotaflex, rose 15 to 334p. Oxford Instruments, a good market of late, firmed 6 to 568p following satisfactory preliminary results.

A broker's downgraded profits forecast brought selling pressure to bear on Delta which dropped to 200p at one stage before rallying to finish the session 10 lower on balance at 206p. Elsewhere in Engineerings, GEI reflected acute disappointment with the annual results and fell 14 to 110p, while C and W Walker ended ½ easier at 63½p following trading news. Castings, on the other hand, jumped 14 to 90p on revived speculative support and United Spring and Steel gained 7 to 67p in response to an investment recommendation. Perennial takeover favourite Weir moved up 7 to 125p and Camford appreciated 3 at 88p. Staveley Industries added 16 at 543p.

Contrasting features emerged among Food Retailers. Callens dropped 25 to a 1986 low of 215p following news of the final dividend omission and annual deficit, but ASDA MFI reflected revived speculative support with a gain of 6 at 144p. Tesco rose 10 to 355p, while Unigate moved up 7 to 285p on further consideration of the annual figures.

Interest in Grand Metropolitan waned after Monday's excitement created by a Press report that a near-£600m bid from the US for its hotel division had been rejected, and the close was a few pence easier at 405p.

Metal Box rally

Companies recently unsettled by the South African developments staged a useful rally, Metal Box improving 10 to 755p and Pilkington Bros, 6 to 423p. Other leading miscellaneous industrials showed little alteration after a slow day's trading. Reed International, however, were good again at 980p, up 26, following reports that the shares are expected to be dealt in on the traded option market soon. Elsewhere, profit-taking left Pentland Industries down 15 at 375p and Avon Rubber 17 lower at 335p, while European Ferries eased 4 to 136p on the announcement that P & O's 20.8 per cent stake in the company is to be referred to the Monopolies Commission; P & O eased 7 to 513p. The proposed flotation of Thames TV helped BET improve 10 to 395p. British Steam responded smartly to the good preliminary figures with a gain of 37 at 272p, while buyers continued to show interest in Bodycote, up 10 more at 315p, following the proposed flotation of its Dutch subsidiary. RFD firmed 6 to 207p on the announcement of another possible offer, while demand in a limited market left Parkfield Group 45 to the good at 500p. Falcon were noteworthy for a gain of 7 at 52p, but Flexello fell 7 more to 103p on the lower interim earnings.

Boosey and Hawkes jumped 20 to 195p on hopes of an increased offer from Music Sales. Elsewhere in the Leisure sector, Lee International attracted renewed support at 170p, up 7, while Fairline Boats hardened a couple of pence at 175p and WSL added 4 at 190p.

Among Motors, Plaxtons fell 4 to 73p in reaction to the interim profits setback.

Publishers were mixed. Bristol Evening Post were marked 25 higher at 610p; the annual results are expected next month. Home Counties responded to a Press mention with a gain of 3 to 173p. In contrast, profit-taking in the wake of the annual figures left EMAP A, 8 off at 173p. Advertising agencies also lacked a decided trend. Recovery prospects again bolstered Geers Gross, 5 up at 77p, but further consideration of the annual results left Yellowhammer a few pence cheaper at 153p. Moss Advertising were again depressed by the acutely disappointing full-year figures and shed 13 for a two-day decline of 32 to 70p. LCA eased 3 to 120p in sympathy.

Abaco Investments were to the fore again in Properties, closing 5½ better at 60½p following news of fund raising proposals to help finance the acquisition of Toplis and Harding, one of the world's leading loss adjusting groups. Mountview Estates jumped 40 to 760p in anticipation of today's preliminary figures, while renewed speculative support prompted a gain of 14 in Merivale Moore, at 300p, and a rise of 10 in both London Provincial Shop, at 260p, and Marler Estates, at 485p. Rosehaugh advanced 25 at 600p and Alfred Walker appreciated 5 more at 130p. Sheraton Securities hardened a couple of pence at 54p.

Dawson International, 6 up at 240p, and Illingworth Morris, 4 to the good at 128p, met revived support ahead of their preliminary figures scheduled for tomorrow and Monday respectively. Elsewhere in generally firm Textiles, fresh speculative demand was evident for perennial takeover favourite Lister, finally 8 better at 88p, after 89p. Bid hopes also helped Earlys of Witney, 5 better at 92p, and Towles A, 10 higher at 94p.

Financials presented a long list of noteworthy features. Authority Investments advanced 35 for a two-day gain of 97 to 225p reflecting expansion prospects in the wake of the agreed bid from Management Group, the vehicle controlled by Messrs Backhouse, Campbell and Innes. Expansion hopes were also responsible for a fresh flurry of demand for "shell" situation James Ferguson, finally 7 dearer at 30p, and NMC Investments, 6 to the good at 103p, the latter aided by "call" option business. Framlington were marked 60 higher to 710p in belated response to the proposed acquisition of Throgmorton Investment Management Services for £12.5m. Antofagasta were again wanted and put on 25 more to 750p, while pawnbrokers Harvey and Thompson advanced 17 for a two-day improvement of 25 to 205p in a market none-too-well supplied with stock. Yelverton were marked a few pence lower to 50p after-hours' following the proposed rights issue and interim results.

Conroy advance

Initial small gains in leading oils were gradually erased following a modest decline in crude prices and the majors closed with little or no changes on balance. However, second-line stocks continued to attract considerable attention, not least Conroy Petroleum and Natural Resources which jumped 15 more to a 1986 high of 130p following news that Tara Exploration has acquired a 23.4 per cent stake in the company. Tara runs the biggest zinc mine in Europe and Conroy recently announced a highly encouraging drilling report on its lead/zinc discovery on the borders of County Laois and Kilkenny in the Irish Republic. Century Oils continued to make progress and edged up 3 more to 131p, still helped by recent favourable Press comment, while E.R.I.C. were steady at 30p despite news that the company intends to raise around $3m via a rights issue. Cluff held at 34p following the oil find off the coast of northern Oman.

The clampdown on news coverage in South Africa, imposed in the run-up to Monday's 10th anniversary of the Soweto uprising, continued to work effectively and a fresh flurry of bear covering and "cheap" buying kept South African gold and related issues on the upward trend. The Financial Rand made further progress and moved up to around 24.25 cents, sustained by news of a R1.2bn package of measures to stimulate the South African economy. Golds opened well below Monday's London closing levels, reflecting overnight US selling which accompanied the sharp decline in gold and platinum prices in New York. However, persistent buying interest from Johannesburg quickly moved prices higher and the majority closed well up on the day. Bullion, which dipped below $335 an ounce in the US, finally closed a net $3 off at $336.75 while platinum also came under pressure. The short covering purchases and strong Cape support were most evident in the leading Golds. Randfontein and Vaal Reefs attracted sustained demand and closed with gains of £2 apiece at £42½ and £36¾. Southvaal added a point at £16¼ and Buffels put on ¾ at £12. Among second-liners ERGO jumped 32 to 263p, Kinross advanced 43 to 661p, Venterspost were 26 firmer at 289p and Western Areas moved up 16 to 149p. The Gold Mines index improved 10.8 to 207.0—a three-day rise of 14.7.

South African Financials mirrored the performance of Golds. OFSIL settled almost a point higher at £12¼, "Amgold" rose £1½ at £39 and Gold Fields of South Africa put on 683p. De Beers gradually edged higher to close 6 firmer at 417p. UK issues posted modest gains, helped by the lack of bad news from South Africa. Consolidated Gold Fields gained 5 more to 428p

Elsewhere, Jantar continued to reflect a recent newsletter "buy" recommendation and rose a further 3 to a 1986 high of 30p. Greenwich Resources, however, dipped to 100p before closing unaltered at 102p

FINANCIAL TIMES STOCK INDICES

	June 17	June 16	June 13	June 12	June 11	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	91.03	91.31	91.07	90.63	90.68	81.86	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.65	96.84	96.62	96.64	96.57	86.25	97.51 (22/4)	86.55 (23/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1326.0	1318.6	1313.7	1304.1	1301.1	985.8	1425.9 (3/4)	1094.3 (14/1)	1425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	207.0	196.2	194.4	192.3	199.5	436.8	357.0 (27/1)	192.3 (12/6)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.14	4.15	4.17	4.19	4.21	4.70				
Earnings Yld.%(full)	9.98	10.01	10.04	10.13	10.17	11.75				
P/E Ratio (net) (*)	12.19	12.15	12.11	12.01	11.97	10.39				
Total Bargains (Est)	24,834	24,958	25,531	24,949	24,665	22,656				
Equity Turnover £m.	—	469.69	549.56	572.78	526.61	291.95				
Equity Bargains	—	23,951	27,441	25,562	22,639	18,340				
Shares Traded (ml).	—	222.7	263.7	245.5	223.8	160.7				

S.E. ACTIVITY

Indices	June 16	June 13
Gilt Edged Bargains	137.4	146.3
Equity Bargains	155.2	177.8
Equity Value	949.4	1,110.8
5-Day Average		
Gilt Edged Bargains	143.3	147.8
Equity Bargains	159.7	159.6
Equity Value	1045.0	1017.2

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1319.1	1318.0	1320.2	1322.3	1323.0	1322.9	1323.1	1324.2

Day's High 1326.0. Day's Low 1318.0

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.76.

LONDON REPORT AND LATEST SHARE INDEX. TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (90)

LOANS (1) Inv in Ind 7¼pc A '91-94. AMERICANS (7) Abbott Labs, Ahmanson (H. F.), Bell Atlantic, Colgate-Palmolive, Gen Hospital Con, Hasbro Inc, Pacific Telesis. BANKS (2) English Trust, Wells Fargo. BUILDINGS (4) Abbey, Helical Bar, Meyer Intl, Wimpey (Geo.). CHEMICALS (2) Hercules Inc, Sutcliffe Speakman. STORES (2) Alexon, Lincroft Kilgour. ELECTRICALS (7) AB Electronic, Alphameric, Burgess Products, Crystalate, Microfilm Reprographics, Pifco A, Shorrock. ENGINEERING (8) Castings, Cook (Wm) (Sheff), Jones and Shipman, Porter Chadburn, Priest (Ben) 8pc Cnv Red Pf, Ransomes Sims, Staveley Inds, United Spring. FOODS (3) Cranswick Mill, Matthews (B.), Safeway. HOTELS (1) IoM Enterprises. INDUSTRIALS (15) AAH, AIM, Bestwood, Black (P.), Bodycote Intl, Boot (Henry), British Steam, DPCE, Dwek Group, Falcon Inds, Hargreaves, Huntleigh Tech, Parker Knoll A, Ssanelco, Tech Component Inds. INSURANCE (1) Bradstock. MOTORS (3) ERF (Hldgs), Caffyns, Lookers. PAPER (3) Delyn Pack, Holmes and Marchant, Osborne and Little. PROPERTY (8) British Land, Marler Estates, Merivale Moore, Mountview Estates, Prop and Reversionary, Scot Metropolitan, Sheraton Secs, Town Centre. SHIPPING (1) Runciman (W.). TEXTILES (3) Atkins Bros, Bulmer and Lumb, Lister. TRUSTS (15) Ambrose Inv Cap, Derby Trust Inc, Keystone Inv, Marine Adv Sailing Trust, New Throgmorton Cap, Do. New Wrts, Rolinco NV, Do. Sub Shs, SPLIT Cap, Scottish Amer Inv, Throgmorton Sec Growth Cap, Antofagasta, Authority Inv, Framlington Grp, Harvey and Thompson. OILS (3) Century Oils, Conroy Pet and Nat Resources, Norsk Hydro. MINES (1) Jantar.

NEW LOWS (19)

AMERICANS (1) Fin Cpn America. STORES (1) Blacks Leisure. ELECTRICALS (4) Apricot Computers, Sigmex Intl, Sintrom, Telemetrix. ENGINEERING (1) SPP. FOODS (1) Cullen's Hldgs. INDUSTRIALS (3) Diploma, Eastern Produce, United Packaging. LEISURE (2) Aspinall Hldgs, Television Services. PAPER (2) LCA, Moss Advertising. TEXTILES (1) Foster (John). TRUSTS (1) Caledonia Invs. OILS (1) Oilfield Insp. MINES (1) MIM Hldgs.

BASE LENDING RATES

	%		%
ABN Bank	10	First Nat. Fin. Corp.	11
Allied Dunbar & Co	10	First Nat. Sec. Ltd	11
Allied Irish Bank	10	● Robert Fleming & Co.	10
American Express Bk.	10	Robert Fraser & Ptrs	11
Amro Bank	10	Grindlays Bank	‡10
Henry Ansbacher	10	● Guinness Mahon	10

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 19	June 6	Aug 28	Sept 8
June 9	June 20	Sept 11	Sept 22
June 23	July 4	Sept 25	Oct 6
July 7	July 18	Oct 9	Oct 20

For rate indications see end of Unit Trust Service

Call options were taken out in Amstrad, United Spring and Steel, Federated Housing, Raglan Property Trust, British Telecom, Ecobric, Charterhall, Allebone, C. D. Bramall, Consolidated Gold Fields, Dares Estates, Shell, North Kalgurli, N.M.C., Sears, Barker and Dobson and Arthur Lee. No puts were reported, but a double was transacted in Amstrad.

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List

Stock	No of changes	Mon. close	Day's change	Stock	No of changes	Mon. close	Day's change
Amersham Int.	19	388	+12	Grand Met.	12	408	+2
Stand. Chart.	17	817	+22	Lee (Arthur)	12	75	+4
Beecham	13	386xd	—	Pearson	11	521	−8
Helical Bar	13	225	−2	Reckitt & Colm.	11	784	−15
NatWest Bank†	13	262pm	+2	A.A H.	10	340	+19
Cable & Wire.	12	655	−3	GEC	10	198	−2

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Alexon	157	+9	GRE	852	+15
Apricot Computers	69	−11	Lister	88	+8
British Telecom	232	+8	MK Electric	395	+17
Cable & Wireless	668	+13	Ocean Transport	202	+5
Davy Corp.	111	+1	Oxford Instruments	568	+6
Delta Group	206	−10	Vaal Reefs	£36¾	+2

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	103	8
Corpns., Dom and Foreign Bonds	17	19	34
Industrials	348	243	905
Financial & Props.	145	53	379
Oils	15	10	54
Plantations	—	3	12
Mines	49	27	105
Others	96	30	112
Totals	670	488	1,609

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Tuesday June 17 1986

FIXED INTEREST

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 29,453

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

WORLD STOCK MARKETS

AUSTRIA | BELGIUM/LUXEMBOURG | DENMARK | FRANCE | GERMANY | NETHERLANDS | NORWAY | SPAIN | SWEDEN | SWITZERLAND | ITALY | AUSTRALIA | AUSTRALIA (continued) | HONG KONG | JAPAN | JAPAN (continued) | SINGAPORE | SOUTH AFRICA

[illegible]	[illegible]	[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

TOKYO

Continued from Page 44

Harima Heavy Industries, the most active stock with 33.17m shares traded, gained Y4 to Y250. Nippon Kokan, second busiest with 28.43m shares and Kawasaki Steel, third with 26.54m shares, slipped Y1 each to Y167 and Y184.

Nihon Cement was the fourth busiest stock with 19.61m shares traded and gained Y22 to Y609 on a major securities company's report that cement manufacturers plan to make more effective use of idle land holdings in and around big cities. Another favourable factor was the planned construction of the new Kansai international airport in western Japan. Onoda Cement added Y2 to Y486.

Among small-capital cash-trading issues Daiwa Seiko climbed a maximum Y100 to Y686. Nippon Koei rose Y34 to Y872 and Kinmon Mfg Y120 to Y1,930.

Speculative issues related to domestic demand advanced, with Tekken Construction gaining Y29 to Y545 and Toa Harbor Works Y17 to Y523. Conversely, major stocks eased: Ohbayashi Corporation lost Y4 to Y590 and Kajima Corporation Y18 to Y877.

Blue-chip stocks remained out of favour. NEC and Matsushita Electric Industrial fell Y20 each to Y1,510 and Y1,490.

Bonds opened stronger on the firmer overnight US bond market but later fell on selling by some major securities companies when the rise in prices turned out to be slower than expected.

The yield on the benchmark 6.2 per cent government bond due in July 1995 rose slightly from 4.650 to 4.680 per cent. But the yield on the 5.1 per cent government issue maturing in March 1996 climbed from 4.920 to 4.990 per cent.

The dominant view was that yields on these bonds are not likely to rise further as buy orders for the 6.2 and 5.1 per cent issues had been placed at yields of 4.7 and 5 per cent, respectively.

With the timing of the fourth discount-rate cut for this year still uncertain, banks and securities firms refrained from active buying.

AUSTRALIA

HEAVY SELLING by foreign investors pushed Sydney down further and trimmed 11.9 off the All Ordinaries index to 1,197.2.

The fall in the bullion price forced mines lower, with Central Norseman 20 cents cheaper at A$7.80 and leading miner CRA 20 cents lower at A$6.26. Kidston Gold Mines also retreated 20 cents to A$6.10.

CSR's fund-raising plans caused a stir and left the resources and building products group 8 cents lower at A$3.35.

BHP moved against the trend with its 2-cent advance to A$8.88 while Elders IXL retreated 22 cents to A$4.48. News Corporation suffered one of the largest falls of the session with a 60-cent decline to A$18.80.

HONG KONG

UTILITIES turned in the best performance in Hong Kong, and the Hang Seng index firmed 23.69 to 1,780.34, its highest level in two weeks.

Hongkong Telephone advanced 10 cents to HK$12.10 ahead of stronger annual results while Hongkong Gas rose 30 cents to HK$16. Hongkong Telephone added a further 10 cents to HK$12.10 as Hongkong Electric was unchanged at HK$8.85.

Other features included the 40-cent gains for Cheung Kong at HK$20.80, Hutchison Whampoa at HK$29.30 and Swire A at HK$12.20.

SINGAPORE

INDUSTRIALS and properties were quick to benefit from the surge of buying in Singapore that pushed prices to a six-month high and added 16.45 to the Straits Times industrial index at 719.83.

Singapore Press jumped 20 cents to S$7, and Cerebos sprinted 15 cents ahead to S$2.94 while Genting added 12 cents to S$4.52. Retailer Isetan scored a 22-cent advance to S$2.28. Singapore Land finished 24 cents higher at S$3.34.

Among firmer banks DBS gained 20 cents to S$6.65 and OCBC 15 cents to S$7.25.

SOUTH AFRICA

STRONG local demand pushed gold shares higher in Johannesburg despite the flatter international bullion price. The stronger rand also failed to dissuade domestic investors.

Vaal Reefs and Ofsil gained R3 each to R227 and R77, respectively. Among mining financials Gencor was down 50 cents to R45.25, but Anglo American was R1.35 ahead at R43.85.

Elsewhere, platinum and industrials were mixed while De Beers among diamond producers was 10 cents higher at R26.50.

CANADA

BASE METAL and mining stocks led Toronto lower while oils turned higher.

Among actives TransCanada Pipe-Lines retreated C$½ to C$17 after announcing plans for a C$300m share and warrants issue.

Federal Industries A gained C$½ to C$17¼, and MacMillan Bloedel traded C$1⅛ higher to C$37⅞. Bell Canada was unchanged at C$37⅛.

Montreal was also dragged lower with weaker industrial and mining sectors.

CANADA

TORONTO
Prices at 2.30pm
June 17

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

F—No voting rights or restricted voting rights.

MONTREAL
Closing prices June 16

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total Sales [illegible] shares

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 43

Stock		Sales (Hnds)	High	Low	Last	Chng
ParkOn	.60	111	8½	8	8½	+ ⅛
RoyIRs		43	2⅜	2¼	2¼	− ⅛
RustPel		45	9	8¾	8⅞	+ ⅛
RyanFs		342	20	19½	20	+ ¼
StatBld	.20	35	11	[illegible]	[illegible]	[illegible]
Standy	1.08	59	42¾	[illegible]	[illegible]	[illegible]
StdMic		154	15¾	[illegible]	[illegible]	[illegible]
Stanhm	1.52	48	45½	[illegible]	[illegible]	[illegible]
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
RgcyEl	.20	856	6¾	6½	6½	− ⅛
Regiss	.18	82	14	13½	14	+ ½
Rehab		23	7⅝	7⅝	7⅝	
RpAuto	.16	191	9½	9⅜	9⅜	
RpHlln		15	18½	18½	18½	
Reuterl	.15e	13	17	16¾	17	+ ¼
ReutrH	.34e	1037	42⅝	42⅜	42⅜	+ ⅛
RevRys	.70	33	34¾	34	34¼	+ ¼
Rhodes	.32	100	29½	29¼	29¼	+ ⅛
Ribilm		486	9¾	9⅛	9½	− ¼
RichEl		106	22¾	22½	22½	
RoadSv	1.10	400	42	41¼	41¾	− ¼
RobVsn		89	7⅛	6¾	6¾	− ¼
Rouses	.60	136	32	31¼	31½	+ ¼
RoyPlm	1	82	8⅞	8½	8½	− ⅛
Soctys		540	25¾	25¼	25⅝	+ ⅜
Softech		86	9⅝	9⅝	9⅝	+ ⅜
SoftwA		130	20	19½	19⅝	− ⅜
SonocP	.80	173	39¼	39	39¼	
SonrFd	.45e	12	10⅛	10	10	+ ⅛
SoHosp		163	6¼	5	5⅛	+ ⅛
SandFn	.52	968	20½	20¼	20⅜	
Soutrst	.68	237	25⅝	25⅛	25¼	+ ¼
Sovrgn	.10	255	7⅞	7¾	7¾	
Sovrans	1.28	1745	41¾	41⅜	41⅝	
Specdys		154	19	18½	18¾	
Spctran		15	7	6¼	7	
SpecCtl	.07	44	10⅝	10⅜	10⅝	+ ⅛
Spire		9	13½	13	13	− ⅜
StarSur		275	13½	13¼	13½	+ ¼
UTL		56	22¾	22½	22½	− ¼
Ultrsy	.08e	312	11⅜	11	11	− ⅜
Ungmn		220	11½	11¼	11¼	− ¼
Unifis		1524	15¾	14⅝	14⅞	− ¾
UnPlntr		60	36	35	35½	
UACms	.04	611	19	18½	18¾	
UBAlsk	t	73	6¾	6½	6½	− ¼
UBCol	1.08	267	32¼	32⅛	32⅛	+ ¼
UFnGrp		17	4⅜	4¼	4¼	− ⅛
UFstFd	.20	103	33¾	33½	33¾	+ ¼
UGrdn	1.64t	139	9	8⅞	8⅞	− ⅛
UPresd		2	15	14⅞	15	+ ⅛
US Ant		7	2⅞	2¾	2¾	− ⅛
US Bcp	1	781	37⅛	36⅝	36⅞	+ ⅞
US Cap		5	2¾	2¾	2¾	− ¼
Writer	.15e	9	10⅛	9¾	9¾	
Wyman	.80	624	22½	22	22	
Xebec		95	2 3-16	2⅛	2⅛	
Xicor		1072	8¼	8	8	− ⅛
Xidex		2203	20	19¼	19⅜	− ½
YlowFs	.54	661	40⅞	39¾	39⅞	− 1
Ziegler	.48a	3	17¼	17¼	17¼	− ¼
ZionUt	1.36	40	58¾	58¼	58¾	+ ¾
Zitel		29	4	4	4	
Ziyad		338	4¾	4⅝	4¾	
Zondvn		237	21¾	21¼	21½	+ ½
Zymos		10	2½	2½	2½	− 1-1

Indices

NEW YORK DOW JONES | STANDARD AND POORS | N.Y.S.E. ALL COMMON | RISES AND FALLS | NYSE-Consolidated 1500 Actives | TORONTO | MONTREAL

[illegible]	[illegible]	[illegible]

	June 17	June 16	June 13	June 12	1986 High	1986 Low
AUSTRALIA — All Ord. (1/1/80); Metals & Mnls. (1/1/80)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AUSTRIA — Credit Bk Aktien (2/1/62)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BELGIUM — Brussels SE (1/1/80)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DENMARK — Copenhagen SE (1/1/83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FRANCE — CAC General (31/12/82); Ind Tendance (31/12/82)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GERMANY — FAZ Aktien (31/12/58); Commerzbank (1/12/53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HONG KONG — Hang Seng Bank (31/7/64)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ITALY — Banca Comm Ital. (1972)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
JAPAN** — Nikkei (16/5/49); Tokyo SE New (4/1/68)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NETHERLANDS — ANP-CBS General (1970); ANP-CBS Indust (1970)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NORWAY — Oslo SE (4/1/83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SINGAPORE — Straits Times (30/12/66)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SOUTH AFRICA — JSE Gold (28/9/78); JSE Indust (28/9/78)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SPAIN — Madrid SE (30/12/85)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWEDEN — Jacobson & P (31/12/56)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWITZERLAND — Swiss BankCpn (31/12/58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
WORLD — M.S. Capital Intl. (1/1/70)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

** Saturday June 7: Japan Nikkei 16,898.01. TSE 1,311.78.

Base value of all indices are 100 except Brussels SE—1,000. JSE Gold—255.7, JSE Industrial—264.3, and Australia. All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES		
Abaco Invs.	60½	+ 5½
Alexon	157	+ 9
ASDA-MFI	144	+ 6
Authority Inv.	225	+35
Bodycote Intl.	315	+15
British Steam	272	+37
British Telecom	232	+ 8
Cable and Wireless	888	+13
ConroyPet.NatRes	130	+15
Ferguson (James)	80	+ 7
Lee Cooper	206	+16
Lee Intl.	170	+ 7
Lister	86	+ 8
MK Electric	395	+17
Metal Box	755	+10
Meyer Intl.	270	+10
NatWest Bank*	273pm	+11
Reed Intl.	980	+26
Stylo	233	+18
Towles A	94	+10
United Spring	67	+ 7

FALLS		
Tr. 8pc 09 (£50pd)	£43¾	− ⅛
Tr. 2½% IL 20	£96⅞	¼
Apricot Computers	69	−11
Avon Rubber	355	−17
Cullen's Hldgs	215	−25
Delta Group	206	−10
GET Intl.	110	−14
Moss Advertising	70	−13

* nil-paid

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, June 17

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25¼	12	AAR s	.44	1.9	22	16	24	23½	23¾	-⅛
30	21¾	ADT	.92	3.3		171	27½	27¼	27½	+⅜
30⅞	11½	AFG s			20	791	30½	30⅛	30½	+⅜
25⅝	13⅜	AGS			15	33	20¼	19⅝	19¾	-¾
15	8⅞	AMCA				6	12⅞	12¾	12⅞	+¼
60⅝	37½	AMR			11	3733	53	52⅜	52¾	+½
25¾	18⅝	AMR pf2.18		8.8		1400	24⅞	24⅞	24⅞	
27½	23¼	ANR pf2.67		10.		3	25½	25½	25½	
12½	7⅝	APL			6	1	11⅛	11⅛	11⅛	
16¾	11⅛	ARX	.71t	5.5	12	61	13⅜	13	13	-⅛
51⅝	32¾	ASA	2a	6.0		431	34⅞	33¼	33⅜	-½
18⅝	10½	AVX			25	591	13⅞	12½	12⅝	-1
32	22⅝	AZP	2.72	10	7	1009	27⅜	26⅞	27¼	+¼
50	28¾	AbtLb s	.84	1.7	24	2560	u50⅝	49¼	49⅜	-⅜
32	19⅝	AccoWd	.56	1.9	20	101	29¼	29¼	29¼	
17¼	10	AcmeC	.40	3.1		42	13	12½	12¾	-¼
9¼	7	AcmeE	.32b	4.0	20	89	8⅛	8	8	
20¾	17	AdaEx	1.90e	9.3		88	20½	20⅜	20½	+⅛
33⅝	15⅛	AdmMl	.40	1.2	15	26	33	32¼	32¼	-¾
20⅝	10¾	AdvSys	.83t	4.7	9	32	17¾	17⅝	17¾	-⅛
32⅞	22⅛	AMD				4942	22⅞	d21⅜	21½	-⅞
12⅝	8¼	Adobe n				11	8⅝	8⅝	8⅝	-¼
18⅝	7⅜	Advest	.12a	.7	13	103	17⅛	16⅝	17	-½
66¼	42¼	AetnLf	2.64	4.6	10	1246	58⅜	57⅞	58	-¼
57½	51½	AetL pf4.28e		8.2		50	52½	52½	52½	+¼
24⅝	9⅝	Ahmns s	.48	1.9	8	6275	24⅝	23⅞	24	-⅜
5¼	2½	Aileen			113	143	5⅝	5⅜	5⅝	+¼
41⅝	25¾	AirPrd s	.80	2.1	15	1163	38	38⅛	38½	+⅛
27¾	18¼	AirbFrt	.60	2.9	18	140	20¾	20¼	20⅜	
2⅛	⅜	AlMoanl	.50c			5015	½	½	½	+1-
10¼	7⅝	AlaP dpf	.87	9.3		17	9⅝	9¼	9⅜	+¼
103½	75¼	AlaP pf	9	9.4		z100	95¼	95¼	95¼	
90¾	68¾	AlaP pf	8.28	9.7		z360	86	85½	85½	-½
26⅜	15¼	AlskAir	.16	1.0	11	1133	16⅝	16	16½	-¼
25	8¼	Albrto s	.21	1.0	27	59	21⅞	21⅝	21⅝	-⅛
44½	26⅞	Albtsns	.84	1.9	16	254	44½	43¾	44⅜	-⅛
34⅝	22¾	Alcan	.80	2.6		925	31⅝	31	31⅛	-⅜
46¾	32	AlcoStd	.24	3.0	19	253	41¾	41½	41½	-⅜
40¼	26	AlexAlx	1	2.8		403	36⅞	36¼	36¼	-¼
47½	22⅝	Alexdr			75	16	39½	39¼	39¼	-¼
101	75½	AllgCp	1.54t	1.6	21	24	96	96	96	
28¾	16½	AlgInt	.35j	1.8		274	20	19⅝	20	
20¾	15⅛	AlgIn pf2.19		14.		x67	16⅝	15¾	15¾	-½
98	78	AlgI pfC11.25		13.		x56	85¾	83	84	-2
41¾	28⅛	AllgPw	2.80	6.7	11	672	41⅝	41	41½	+⅝
27¼	14½	AllenGs	.56	2.4	15	314	23½	23	23½	+¼
28¾	27⅛	Allen pf1.75		6.3		15	28⅝	27¾	27¾	-⅝
43	16½	AlldPd			10	102	35½	34⅝	34⅝	-1⅛
49½	38⅛	AldSgnl	1.80b	4.1		4463	44¼	43⅝	43⅝	-⅛
66	58½	AldS pfC6.74		11.		34	60⅜	59⅜	59¾	+⅜
114⅝	102¾	AldS pfD 12		11.		28	108½	105¼	106¾	+1
46⅞	25⅛	AldStr s1.16		2.6	12	779	44	43⅝	43⅞	+⅛
10⅝	4⅞	AlldSup				266	9½	9⅛	9⅜	-⅛
6¾	3⅛	AllisCh				119	4⅞	4⅝	4¾	-¼
36⅞	26½	ALLTL	1.96	5.4	11	90	36½	36⅛	36¼	-⅛
46⅝	31½	Alcoa	1.20	3.0		884	39⅝	39⅛	39⅝	-⅛
17	10½	Amax				586	13⅞	13½	13⅝	-⅜
36	27½	Amax pf	3	9.1		1	33	33	33	-½
32¼	18⅞	AmHes	.27j			1609	21	20⅝	20¾	-¼
1⅞	1⅛	AmAgr				1170	1¼	d1	1⅛	
31¼	19½	ABakr			12	207	29⅜	28⅞	28⅞	-¼
99¼	59¼	ABrand	4.05	4.8	11	991	86⅞	85	85¼	-1⅛

Continued on Page 43

NYSE COMPOSITE PRICES

Continued from Page 42

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	10⅝	Pittsin			138	382	12⅝	12⅝	12⅝	−¼
26½	15	Plains n	.07	.3	52	500	23⅞	22⅞	23⅞	+1¼
24	12¾	PlanRs	.20	1.0	16	46	19¾	19½	19¾	+¼
19½	8¼	Planim	.16	.9	15	112	19	18⅝	18¾	−⅛
10⅝	6⅝	Playboy				42	6⅞	6⅞	6⅞	
37¾	19¼	Plessey	.72e	2.2	24	13	33¼	33¼	33¼	+¼
17⅜	5⅛	PogoPd	.20	3.3		120	6⅛	6	6	−⅛
72⅞	29½	Polarid	1	1.5	30	1710	65⅞	63½	64⅝	−1
24	10½	Pondrs	.40	1.7	18	382	23½	23	23	
24¾	16¾	PopTal	.80b	3.9	32	69	21⅛	20½	20¾	−⅜
22¾	14¾	Portec	.60	3.0	24	18	19⅞	19⅞	19⅞	
30⅛	17⅞	PortGC	1.96	6.4	10	1133	u30½	30⅛	30½	+⅜
28¼	22½	PorG	pf2.60	9.4		8	27⅞	27¾	27¾	
35⅞	32⅝	PorG	pf4.40	13.		30	34⅞	34½	34⅞	+⅛
35½	32	PorG	pf4.32	13.		8	34⅝	34¼	34¼	−⅛
50⅝	32¼	Potlch	1.56	3.2	20	54	49⅛	48⅝	49⅛	+¼
57¾	54	Potlt	pf 3.75	6.6		16	56¾	56½	56½	−½
45¼	27½	PotmEl	2.36	5.2	12	2503	u45¾	45¼	45⅝	+⅜
52½	38½	PotEl	pf4.04	8.4		z130	48	48	48	
35½	18⅞	Premin	.40	1.2	23	x6	32⅝	32⅝	32⅝	
29	18⅞	Primk	s1.10	4.0	11	146	27⅞	27⅝	27⅝	−¼
28	14½	PrimeC			16	1783	19	18⅝	18¾	−¼
45⅝	22⅞	PrimM	s.08	.2	35	348	43½	43⅛	43½	+¼
79¾	58⅛	ProctG	2.70	3.6	18	3271	76¾	75⅝	75⅝	−¼
17¼	12	PrdRs	s .28	1.7	23	272	16⅝	16	16⅝	−¼
43½	33½	Proler	1.40	3.9		321	36¼	36	36	−¼
2⅜	1½	PruRC n				18	1½	1½	1½	
8⅝	7⅜	PruRl	n.44e	5.8		48	7¾	7½	7⅝	+⅛
[illegible]										
10¾	3½	Zapata	.03j			206	4¼	4⅛	4¼	+⅛
84½	47¾	Zayre	.64	.8	25	1464	84¼	82⅝	83	−1¼
42½	23⅞	Zayre wi				4	42	42	42	
17	11⅛	Zemex	.40	2.9	14	5	14	14	14	
29⅞	16¼	ZenithE				346	25⅝	25½	25½	−⅛
36⅝	17⅝	ZenLbs	.10e	.3	21	813	32½	32¼	32¼	+¼
18¼	6⅝	ZenLb wi				27	16½	16¼	16⅜	+¼
22⅝	14	Zero	s .28	1.6	18	121	18⅜	18⅛	18¼	−⅛
45¾	32¼	Zurnin	1.32	3.6	13	107	37⅝	36¾	36⅞	−⅝

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, June 17

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 41

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Confidence high for low rates

CONFIDENCE in the prospects for lower interest rates remained high on Wall Street yesterday, *writes Terry Byland in New York.*

A surprising drop of 7.4 per cent in housing starts, together with comments from a Federal Reserve Board governor that there is "some possible leeway" for lower rates, kept the bond market firm. Stocks were a shade easier, but trading was again very light.

At 3pm the Dow Jones industrial average was down 3.79 at 1,867.98.

The financial markets were restrained by the prospect of the US Treasury's mini refunding programme, expected late in the session, as well as by rumours of an impending ruling by the Supreme Court on the Gramm-Rudman budget-balancing Bill.

Both market sectors opened sharply higher, responding to the optimistic comments on rates by Mr Wayne Angell, Fed governor. Support for equities faded, however, after the poor housing starts statistics increased worries over the flagging pace of the economy. But the same factors kept bonds edging higher.

At midsession the market was encouraged by reports that Saudi Arabia was again offering discounts on its oil netback prices for the third consecutive month.

The stock market lacked leadership and was in fact held back by weakness in the technology sector which has attracted bearish comment from some brokerage houses. IBM lost $1¼ to $147¼, and other main line computer stocks falling behind were Honeywell, $1¾ off at $77⅝, and NCR, down $1 at $52½.

Digital Equipment fell $2⅝ to $83¼ in heavy trading, but Burroughs, now in the process of absorbing Sperry to form a major new rival to IBM, held steady at $62⅜.

General Dynamics ran into the profit-takers, sliding $1⅛ to $77½ in moderate trading. United Technologies at $48⅞ lost $⅞, but the other defence-aerospace issues managed a scattering of small gains. Lockheed added $⅝ to $54.

Bristol-Myers, the drug group, fell $1⅞ to $81⅛ after halting sale of its excedrin drug at US stores.

A fatal poisoning in Washington caused by excedrin capsules laced with cyanide was confirmed.

Upjohn plunged $8⅝ to $93¼ after the Food and Drug Administration criticised a recent statement by Upjohn about its anti-baldness drug Minoxidil.

There were few features among industrials. General Motors at $78½ paid little heed to plans for a joint venture in Egypt. Chrysler, $½ off at $35⅝, and Ford, $⅜ off at $53⅞, saw little turnover.

Oils softened on the reports of Saudi discounts, Exxon shedding $½ to $59¾ and Atlantic Richfield $⅞ to $53.

Airline issues, still worried by signs of new fare-cutting wars, showed mixed changes.

Allied Stores edged up – $⅛ to $43⅞ after agreeing to pay $150m to $175m to Batus, US subsidiary of Bat Industries of the UK for 10 of its Gimbels stores.

Coca-Cola surged ahead $1¼ to $118¼ as the market took a closer look at its $1bn purchase of the Beatrice bottling interest – one of Coke's three main bottler franchisees.

In the credit markets short-term rates remained stationary, awaiting the Treasury funding programme, which will feature four and seven-year maturities. Bonds settled down with gains of around ¼ at midsession, encouraged by federal funds at 6¾ per cent without any intervention from the Federal Reserve.

LONDON

EXCHANGE RATE influences were largely responsible for the two principal sectors of the London stock markets pursuing divergent trends yesterday.

Internationals and blue chips made fresh headway, but gilts lost strength as sterling slipped back from the recent high against the dollar.

Fund managers committed fresh funds in a session thinned out by Royal Ascot. BT, up 8p to 232p, was a major beneficiary and one of the few to trade actively ahead of tomorrow's preliminary statement.

The FT indices rose progressively, with the FT-SE 100 closing 11.7 up at 1,605.3 and the FT Ordinary index adding 7.4 to 1,326.0.

The possibility of another round of international interest-rate cuts unsettled the gilt market, with longs down ½ and index linked issues losing further ground.

Chief price changes, Page 41; Details, Page 40; Share information service, Pages 38, 39

EUROPE

Expected tax changes lift Stockholm

BOURSES in West Germany shut their doors yesterday to observe Unity Day, and as a result volume eased across Europe as investors absented themselves from taking any new positions.

Most bourses ended mixed with a firmer note except for Sweden and Norway where prices rose sharply on local factors.

Stockholm moved ahead as investors reacted favourably to proposed changes in the capital gains tax. A surge of buying ahead of the midsummer weekend holiday pushed the Veckans Affarer index to a record 842.7, up 8.6.

Issues are expected to advance further ahead of July 1, when double stamp duty on share trading will be implemented.

Pharmaceutical group Astra recorded the strongest gain, rising SKr 25 to SKr 695, while among biotechnology issues Pharmacia rose SKr 4 to SKr 214 and Fermenta eased SKr 3 to SKr 170.

Heartening results at Stora Kopparbergs, the forest products group, came after a SKr 2 gain to SKr 302 while Swedish Match, the home improvement, consumer products and packaging concern, added SKr 10 to SKr 380 ahead of a surge in pre-tax profits for the first quarter.

Although Volvo has agreed to pay the fine imposed on it by the Stockholm exchange, it remained critical of the board. Volvo inched SKr 1 ahead to SKr 422.

Comments by Norway's Finance Minister on his hopes to reduce interest rates shortly boosted turnover in **Oslo.**

Norsk Data advanced NKr 5.50 to NKr 223.50, Norsk Hydro, the day's most active stock, NKr 2 to NKr 162 and Christiana Bank ended NKr 2.50 ahead at NKr 164.50.

The holiday in neighbouring Germany depressed volume in **Amsterdam** but trading was active, especially among international issues affected by the higher dollar.

Large blocks of Unilever shares changed hands through the Amsterdam Interprofessional System, boosting the price Fl 5.50 to Fl 483.

Wessanen, linked with Unilever as a takeover proposition, ended its two-day rise by closing down Fl 3 at Fl 336.

Aircraft manufacturer Fokker resumed trading around midday after reports that it had signed a Fl 5bn contract with the Irish leasing company Guinness Peat Aviation. Fokker denied it had signed the pact but ended Fl 1.20 lower at Fl 93.

Paris opened firmer, encouraged by the lower key intervention rate from the Bank of France. But gains were pared by the afternoon, and some prices drifted lower.

Bourses in West Germany were closed for a national holiday.

Advances included Bouygues, 5.4 per cent higher at FFr 1,165 after gaining FFr 60, Avions Dassault, 5 per cent up at FFr 1,240, and Béghin Say, at FFr 500 after a FFr 13 increase.

The new bourse month began on a mixed note in **Milan** as many shares went ex-dividend and several major rights issues came on to the market.

Two groups which fell into the latter category were Fiat, L650 lower at L12,300, and Snia BPD, off L10 at L5,340.

Olivetti, which was quoted ex-dividend, advanced L100 to L16,500

Hesitancy and a lack of direction left **Brussels** mixed while in **Zurich** stocks were also mixed with a firmer bias.

In bond trading Dutch government bonds were little changed in Amsterdam as dealers expect a second tranche of the 10-year 6¼ per cent state issue to be released today. In Zurich bonds eased as investors stood on the sidelines.

TOKYO

Overheating fears bring downturn

CONCERN about high prices and tighter controls on margin trading sparked small-lot selling in Tokyo yesterday, sending equities down almost across the board, *writes Shigeo Nishiwaki of Jiji Press.*

But investors remained calm, regarding the fall as a technical correction after the recent strong gains.

The Nikkei market average fell a further 109.71 to 17,075.89. Turnover weakened from 737m to 586m shares. Declines led advances by 572 to 297, with 125 issues unchanged.

The index had soared over 1,500 points since May 19, leading many investors to believe the market would soon enter a liquidation phase. However, the adjustment was delayed due to strong buying by institutional investors with huge surplus funds.

Buying interest was strong at yesterday's opening but rapidly tapered off, reflecting growing apprehensions about the likelihood of tighter restrictions on margin trading by the Tokyo Stock Exchange and a slowdown in Japanese and US economic growth.

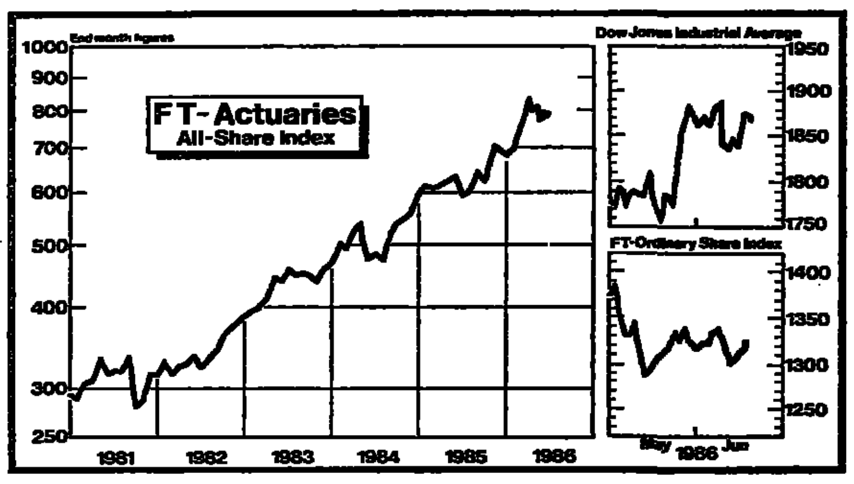
Department stores, cement makers and small-capital cash-trading stocks were bought.

Daimaru firmed Y23 to Y861 and Tokyo Department Store Y11 to Y923 after reports of a 4 per cent month-on-month growth in sales at department stores for May. Conversely, Mitsukoshi, a domestic blue-chip issue, shed Y20 to Y1,180 on profit-taking after an early gain of Y40.

Trading volume of low-priced large-capital stocks weakened. Ishikawajima-

Continued on Page 41

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	June 17	Previous	Year ago
DJ Industrials	1,867.98*	1,871.77	1,298.39
DJ Transport	781.50*	786.63	639.86
DJ Utilities	188.52*	188.90	164.55
S&P Composite	244.28*	246.13	186.53
LONDON			
FT Ord	1,326.0	1,318.6	985.8
FT-SE 100	1,605.3	1,593.6	1,284.4
FT-A All-share	791.78	787.19	621.21
FT-A 500	875.20	869.89	679.30
FT Gold mines	207.0	196.2	436.8
FT-A Long gilt	9.38	9.34	10.59
TOKYO			
Nikkei	17,075.89	17,185.60	12,769.3
Tokyo SE	1,322.10	1,327.67	1,012.17
AUSTRALIA			
All Ord.	1,197.1	1,207.1	841.5
Metals & Mins.	520.0	532.0	498.5
AUSTRIA			
Credit Aktien	n/a	115.60	105.73
BELGIUM			
Belgian SE	3,522.85	3,525.37	2,327.26
CANADA			
Toronto			
Metals & Minls	2,158.9	2,183.8	1,889
Composite	3,067.8	3,072.2	2,712.7
Montreal			
Portfolio	1,552.11	1,559.51	133.00
DENMARK			
SE	221.68	224.68	191.59
FRANCE			
CAC Gen	348.10	347.0	224.9
Ind. Tendance	131.70	131.30	81.4
WEST GERMANY			
FAZ-Aktien	closed	683.74	463.25
Commerzbank	closed	2,065.80	1,365.8
HONG KONG			
Hang Seng	1,789.34	closed	1,441.94
ITALY			
Banca Comm.	717.00	723.64	332.83
NETHERLANDS			
ANP-CBS Gen	291.60	291.20	209.7
ANP-CBS Ind	285.00	285.70	174.2
NORWAY			
Oslo SE	355.81	351.31	330.04
SINGAPORE			
Straits Times	719.83	703.38	778.05
SOUTH AFRICA			
JSE Golds	–	1,188.3	1,010.0
JSE Industrials	–	1,121.9	969.0
SPAIN			
Madrid SE	175.84	172.08	79.28
SWEDEN			
J & P	2,451.76	2,432.99	1,321.45
SWITZERLAND			
Swiss Bank Ind	560.70	559.9	434.2
WORLD	June 16	Prev	Year ago
MS Capital Int'l	323.2	321.9	210.8

COMMODITIES

(London)	June 17	Prev
Silver (spot fixing)	336.20p	344.3p
Copper (cash)	£948.0	£953.5
Coffee (July)	£1,819	£1,772.5
Oil (Brent blend)	$12.20	$12.20

GOLD (per ounce)

	June 17	Prev
London	$336.25	$339.75
Zürich	$337.0	$339.25
Paris (fixing)	$338.30	$347.22
Luxembourg	$337.75	$346.50
New York (Aug)	$339.30	$337.50

CURRENCIES

(London)	US DOLLAR June 17	US DOLLAR Previous	STERLING June 17	STERLING Previous
$	–	–	1.5015	1.5225
DM	2.2405	2.2005	3.365	3.35
Yen	167.75	165.5	251.75	252
FFr	7.14	7.0175	10.72	10.685
SFr	1.85	1.817	2.7775	2.765
Guilder	2.523	2.479	3.7875	3.775
Lira	1,530	1,511	2 297	2,300
BFr	45.6	44.95	68.5	68.45
C$	1.3915	1.386	2.092	2.1108

INTEREST RATES

Euro-currencies (3-month offered rate)	June 17	Prev
£	9¾	9 13/16
SFr	5 1/16	5 1/16
DM	4⅝	4 9/16
FFr	7⅜	7 5/16
FT London Interbank fixing (offered rate)		
3-month US$	7	7
6-month US$	7	7 1/16
US Fed Funds	6 13/16*	6 15/16
US3-month CDs	6.60*	6.925
US3-month T-bills	6.085*	6.12

US BONDS

Treasury

		June 17 Price	June 17 Yield	Prev Price	Prev Yield
7⅛	1988	100 5/32	7.052	100 3/32	7.07
7⅞	1993	99 1/32	7.556	99 5/32	7.55
7⅜	1996	98 5/32	7.628	98 11/32	7.615
7¼	2016	97 25/32	7.435	98	7.4161

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index (June 17*)	Day's change	Yield	Day's change
1–30	150.68	+0.19	7.65	–0.02
1–10	143.68	+0.15	7.48	–0.03
1– 3	135.60	+0.09	7.18	–0.03
3– 5	145.49	+0.18	7.68	–0.03
15–30	175.87	+0.03	8.23	–0.02

Source: Merrill Lynch

Corporate	June 17* Price	June 17* Yield	Prev Price	Prev Yield
AT & T 3⅞ July 1990	89⅞	6.79	89⅞	6.79
SCBT South Central 10⅞ Jan 1993	105	8.21	105.696	8.15
Phibro-Sal 8 April 1996	96.70	8.50	97.02	8.45
TRW 8⅞ March 1996	101.28	8.55	101.61	8.50
Arco 9⅞ March 2016	101⅜	9.7	102	9.67
General Motors 8⅛ April 2016	91.34	8.96	91.44	8.92
Citicorp 9⅜ March 2016	97	9.68	97	97.65

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
June	97–03	98–01	96–25	97–04
US Treasury Bills (IMM) $1m points of 100%				
Sept	94.18	94.27	94.15	94.19
Certificates of Deposit (IMM) $1m points of 100%				
June	n/a	n/a	n/a	93.30
LONDON				
Three-month Eurodollar $1m points of 100%				
June	92.53	n/a	n/a	93.00
20-year Notional Gilt £50,000 32nds of 100%				
June	121–18	122–01	122–01	122–19

* *Latest available figures*